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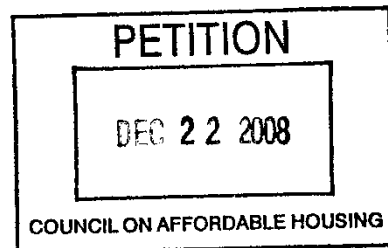
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 ORIGINAL

**Housing Element  
and  
Fair Share Plan**

December 2008

**City of North Wildwood, New Jersey**



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# **Housing Element and Fair Share Plan**

December 2008

## **City of North Wildwood, New Jersey**

### **CITY OF NORTH WILDWOOD COUNCIL**

William Henfey, Mayor  
Joseph T. Duncan, Councilman  
Ed Koehler, Councilman  
Robert J. Maschio, Council Member at Large  
Robert McCullion, Councilman  
J. Richard (Rick) Ogen, Councilman  
Patrick T. Rosenello, Councilman  
Kellyann Tolomeo, Councilwoman

Raymond A. Townsend, City Administrator  
Janet H. Harkins, R.M.C., C.M.R., City Clerk

Remington, Vernick & Walberg Engineers, Inc.  
4907 New Jersey Avenue  
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**NORTH WILDWOOD PLANNING BOARD**

Bob Davis, Class IV, Chairman  
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**ALTERNATES**

William Green, Alt #1, Class IV  
John Klug, Alt. #2, Class IV

Liz Caulkins, Planning Board Secretary  
Lew Ostrander, Zoning Officer  
Ralph Petrella, Engineer  
Dean Marcolongo, Esq., Planning Board Solicitor

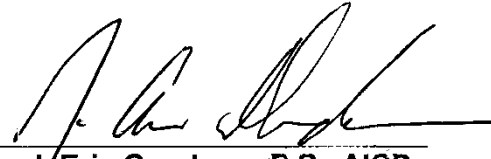
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Kellyann Tolomeo, Councilwoman

The original of this document has  
been signed and sealed pursuant  
to N.J.S.A. 45:14A-12.

Respectfully Submitted:  
REMINGTON, VERNICK & WALBERG ENGINEERS  
By:

  
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## **1.0. Introduction**

This Housing Element & Fair Share Plan is a required element of the City of North Wildwood Master Plan, as set forth under the Municipal Land Use Law at 40:55D-28, and incorporates the plan elements required under Section 52:27D-310 of the New Jersey Fair Housing Act. The significance of this plan element is also evidenced by the stipulation found at C.40:55D-62, which states that zoning regulation may be adopted only pursuant to the adoption by the planning board of a land plan element and housing plan element. Required components of the plan element are as set forth herein:

- A. An inventory of the City's housing stock by age, condition, purchase or rental value, occupancy characteristics, and type.
- B. A projection of the City's housing stock, including the probable future construction of low and moderate income housing, for the next six years.
- C. An analysis of the City's demographic characteristics, including household size, income level, and age.
- D. An analysis of the existing and probable future employment characteristics of the City.
- E. A determination of the City's present and prospective fair share for low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low and moderate income housing; and
- F. A consideration of the lands that is most appropriate for construction of low and moderate-income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low and moderate-income housing, including a consideration of lands of developers who have expressed a commitment to provide low and moderate-income housing.
- G. The household projection for the City as provided in N.J.A.C. 5:97 Appendix F;
- H. The employment projection for the City as provided in N.J.A.C. 5:97 Appendix F;
- I. The City's prior round obligation as provided in N.J.A.C. 5:97 Appendix C;
- J. The City's rehabilitation share as provided in N.J.A.C. 5:97 Appendix C;
- K. The City's growth share in accordance with N.J.A.C. 5:97-2.4

Through this Housing Element & Fair Share Plan, the City promotes provision of a variety of housing types over a range of affordability, encourages the ongoing maintenance of the City's existing housing stock, and formally acknowledges the constitutional obligation to provide a realistic opportunity for the provision of housing affordable to families of low and moderate income within Housing Region 6 (Atlantic, Cape May, Cumberland, Salem Counties). The jurisdiction required under Section 52:27D-301 New Jersey Fair Housing Act and the regulations & requirements of the Council on Affordable Housing (COAH). This document also serves then as a basis for the implementation of land use regulation by the City of North Wildwood to enable satisfaction of the aforementioned constitutional obligation.

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The City of North Wildwood is in a transitional period, both in terms of its economic sector and its residential sector. Historically one of the five (5) municipalities<sup>1</sup> comprising New Jersey's premiere family seashore resort, the City (and the Wildwoods in general) has seen competition from the newer generation of themed amusement parks and other tourist destinations lure away its traditional family trade.

This economic decline,<sup>2</sup> combined with the real estate boom of the late-1990s / early-2000s, has had a tremendous impact on the City's housing stock and tourist industry. The relatively inexpensive price of real estate,<sup>3</sup> the (near) build-out of the City and historically low interest rates combined to make North Wildwood a very attractive setting for the second home and income investment markets. Many longtime residents and motel-owners have seen this market as an opportunity to sell the relatively modest residential homes, larger boarding houses and aging motels to developers wishing to construct townhomes and other condominium-like products.<sup>4</sup> Along with motel rooms, the Wildwoods have lost associated tourist amenities such as restaurants, bars and entertainment venues.

Like most New Jersey shore communities, North Wildwood has been undergoing significant transformation in the last decade. Real Estate prices have escalated dramatically. Many of the small shops and businesses that have historically been part of the community's economic base have disappeared. The mix of uses in the City has changed, with high end residential development becoming a much more visible and prominent activity.

As a result, the character of the community has seen a rapid transformation from a transient vacation resort with (typical) weekly turnover to a second home residential community with either weekend or extended-stay visitation. Such trend has significant impacts for several components of the Wildwoods economy. Specifically:

- The combination of second home kitchens and limited turnover significantly reduces the number of visits to local restaurants.
- Weekly vacation shopping is (typically) a twice-per-visit event (provisions at the beginning of the week and souvenirs at the end). With the reduction in turnover, such shopping is correspondingly reduced.

<sup>1</sup> With sister municipalities of North Wildwood, Wildwood, West Wildwood and the Diamond Beach section of Lower Township.

<sup>2</sup> detailed more fully in the Economic Plan Element (Section 13.0) of the 2007 Comprehensive Master Plan Update

<sup>3</sup> as compared to neighboring Cape May, Stone Harbor and other barrier island communities.

<sup>4</sup> The City of North Wildwood undertook a review of demolition permits issued in the Wildwoods on or about February 2005. As of that date, 83 Wildwoods motels were either demolished or had been slated for demolition in the [then] near future. Of these, 31 motels were located in the City of North Wildwood (Exhibit 1.1).

- Attractions begin to become repetitive with use. Longer stays do not translate into more visits.

Many of the visitors and residents alike have changed. Officials of the shore communities have offered that condominium owners are likely to purchase groceries, eat and entertain at home than go to local eateries or restaurants. On the contrary, the second-home owners tend to be year-round "visitors" to the City rather than week long or weekend vacationers of the past. Therefore, replacing vacated commercial space with sundry stores, restaurants and low-end retailers will not meet the needs of the sophisticated vacationers or the current City's residents.

Faced with a dwindling customer base (with its reduced purchasing power), motel operators and retailers either reduced prices to compete or increase prices in an attempt to compensate for the lack of volume. In a textbook case of spiraling economic decline, reduced revenues begat deferred maintenance, which begat deterioration of the physical stock of the Island's offerings. These conditions, in turn, impacted the appeal of the Wildwoods as a vacation destination, which only served to chase away more visitors ~ most notably those who could afford more attractive alternatives.

Unlike municipalities with multiple industries, the Wildwoods have a monolithic economy based solely on tourism. There is a minimal commercial sector to speak of, and the dominant economic force in the 'off-season' appears to be real estate offices booking rentals for the upcoming summer months. Issues related to the decline in tourism and the second home economy, including, but not limited to, increased residential density, circulation and parking problems and the loss of motel rooms and related amenities ~ and the effects these issues have on the general economic base of the City ~ have created critical challenges for Wildwood's Policymakers.

Therefore, North Wildwood had to find ways to re-invent its commercial districts and redefine the municipal boundaries. The goal was to develop a City as a full-service, year-round shopping destination. By mixing opportunities for year-round, seasonal, and specialty business, the City can enhance its position as a competitive shopping destination.

To address these challenges, the City of North Wildwood's Policymakers<sup>5</sup> have commissioned numerous planning and economic development studies designed to

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<sup>5</sup> Although separate political entities, the municipalities comprising the Wildwoods are generally indistinguishable from one another with respect to development patterns and economic conditions. As such, numerous Wildwoods-related analyses treat these communities as a single resort for economic development / planning purposes. In fact, the State of New Jersey has declared the Wildwoods to be a single Smart Growth Area as well as a combined Center. Further, the Wildwoods (City of Wildwood, North Wildwood, Wildwood Crest Borough and West Wildwood Borough) are a combined Urban Enterprise Zone, and North Wildwood and Wildwood City have instituted the only joint municipal Special Improvement District in New Jersey. The umbrella organization of the Borough of Wildwood Crest, the City of Wildwood, and the City of North Wildwood, the Greater Wildwoods Tourism Improvement and Development Authority (GWTIDA), was formed in July 1993 to consolidate the tourism economy of the island communities and GWTIDA advertises and promotes the island as a family vacation destination. GWTIDA serves as the operations and marketing arm of the New Jersey Sports and Exposition Authority (NJSEA), the owner of the Wildwoods Convention Center.

identify root causes of this decline and to reverse these conditions. These efforts confirm the need for the Wildwoods to update their offerings and to expand their tourist calendar from the current seasonal focus<sup>6</sup> to a year-round basis.

Recommendations for improvements to the lodging, restaurant, entertainment (nightlife), retail and other sectors addressed the need for more and more-varied offerings in new or renovated structures for the Wildwoods as a whole to satisfy the needs of an increasingly sophisticated vacationing public and compete with other destinations featuring modern Resort Hotels with high concept public spaces, themed restaurants and other amenities.

In an attempt to assist the Wildwoods in revitalizing its tourist economy, the State of New Jersey has designated the Wildwoods as a CAFRA "growth" Center and Urban Enterprise Zone, which designations are designed to encourage redevelopment and provide financial assistance and incentives for economic redevelopment projects. Additionally, and perhaps more significantly, the State has made a considerable financial investment in the Wildwoods in the form of the State-funded, \$70 million Convention Center, which is owned and operated by the New Jersey Sports & Exposition Authority. The Wildwood's Urban Enterprise Zone (UEZ) has also successfully marketed the City as a desirable tourist resort community.

Significantly, a substantial increase in the number and quality of hotel rooms and an expansion of parking for the facility is required to support the Convention Center, which struggles to market itself due to a lack of competitive accommodations and limited convenient parking for conventioners.

These efforts included among their guiding principals the following Objectives:

- A. Support the development of physical and programmatic elements designed to foster and enhance the City of North Wildwood visitors' experience, including elements designed to make appropriate use of the City's environmental resources.
- B. Establish a Land Use Plan and supporting regulations designed to extend the tourist season and attract visitors year-round. Such a plan and regulations should respect and make appropriate use of the City's environmental resources.
- C. Explore creation of a specific CAFRA "Wildwood Rule" in order to take advantage of the opportunities presented by the City's beach and boardwalk to allow for unique and imaginative development(s) thereon.
- D. Negotiate with the appropriate State officials regarding the

<sup>6</sup> Approximately mid-October through mid-May.

implementation of the State Plan, which designates the City of North Wildwood as a 'Center' within the PA-5B (Environmentally Sensitive Planning Area/Barrier Island) Planning Area.

The State Plan designates growth and non-growth areas through Planning Area classifications. Each municipality includes Planning Area designations that are designed to be consistent with existing growth patterns and environmental resources. There are, however, some exceptions in Cape May County. The State Plan does not recognize this growth pattern, primarily because of its "adjacency rule" wherein the higher intensity Planning Areas 1 and 2 must be located adjacent to an existing Planning Area 1 or 2. In Cape May County, the Planning Area designations are not necessarily reflective of historical growth trends and patterns. Cape May County, as well as the individual municipalities, realizes that it is unique, as are all of the State's Counties. The State recognized the unique features of the Barrier Islands during the last round of Cross-Acceptance and created the PA5B designation. This designation more appropriately addresses the environmental and built features of barrier islands and begins to recognize the continued development and challenges faced by these communities. However, as a subcategory of PA5, Environmentally Sensitive, the barrier islands are not given the appropriate recognition across all levels of State agencies, especially the NJDEP and now, COAH.

*Centers* are compact forms of development that consume less land, deplete fewer natural resources and are more efficient in the delivery of public services. Pursuant to the State Plan, the concept of *Centers* is the key organizing principle for development and redevelopment in New Jersey.<sup>7</sup>

*Environmentally Sensitive ~ Barrier Island Planning Areas* are designed to promote barrier island communities with sustainable economies which are compatible with the natural environment and maximize public access to and enjoyment of coastal resources. Planning for growth should acknowledge the unique character and history of each barrier island community. Redevelopment opportunities should maintain and enhance community character.

Growth in *Environmentally Sensitive Planning Areas* is directed to *Centers* and to revitalize cities and towns.

Pertinent State Plan Policy Objectives for PA~5B Planning Areas include:<sup>8</sup>

**Land Use:** Guide development and redevelopment into more compact forms (Centers) to accommodate mixed-use development and redevelopment, services

<sup>7</sup> NJDCA Office of Smart Growth *NJ Development & Re-Development State Plan (State Plan)*

<sup>8</sup> State Plan (p.193 & 194).



and cultural amenities. Promote redevelopment in areas with existing infrastructure that maintains the character, density and function of existing communities. Ensure efficient and beneficial use of scarce land and resources to strengthen the unique character and compact nature of barrier island communities.

**Economic Development:** Support historically important coastal industries, recreation and associated activities, recognizing the dual (year-round and seasonal) nature of barrier community economies, locating economic development opportunities within areas of existing infrastructure and avoiding adverse impacts to natural resources.

**Recreation:** Promote local and regional recreational opportunities, encourage tourism and create meaningful public access along the ocean and bay front.

**Redevelopment:** Support redevelopment activity compatible with existing barrier island community character. Use redevelopment opportunities to maintain, expand and link parks and open space and to increase public access.

In addition to a Regional Center, the State has classified the Wildwoods as a Smart Growth Area, which is a designation intended to convey preferred status for new growth.

Historically, Cape May County as well as the individual municipalities, is a resort area. For years the County has been a summer vacation destination area and more recently has become the target area for secondary homes. The County is the subject of significant seasonal population fluctuations, ranging from a ratio of 3:1 in the mainland communities to over 15:1 in the resort communities. This alone has serious planning implications relating to infrastructure improvements, housing and funding to name a few. A further discussion on this topic can be found further in Section 6.2 Third Round Growth Share

The prime developed areas of Cape May County are the barrier islands along the Atlantic coast. These communities (Ocean City, Strathmere in Upper Township, Sea Isle City, Avalon, Stone Harbor, the four Wildwood municipalities, Cape May City and Cape May Point) form the core of the County's annual 3.2 billion dollar resort economy.

The City of North Wildwood is located in the mid-southeastern portion of Cape May County. The City is bounded by Middle Township to the north and west; Stone Harbor to the north; West Wildwood and Wildwood to the south; and to the east by the Atlantic Ocean. North Wildwood is 1.7 square miles. The City is located in the "Five Mile Beach Island," one of the barrier islands situated along the Atlantic Ocean. Portions of North Wildwood are located in the Wildwood Urban Enterprise Zone, established in 2002.

Although approximately 1.7 square miles in size, over 38% of its area contains dunes,

beach, waterways and wetlands. The remaining portion of the City is almost completely developed. The City is a desirable residential community within a rapidly developing region. It maintains a strong resort tourism base and continues to draw an influx of tourists to the City, particularly in the summer.

The Wildwood's are situated on a Barrier Island in the state's Coastal Zone. Development in the Coastal Zone is governed by the New Jersey Department of Environmental Protection ("NJDEP") through its Coastal Zone Management ("CZM") Rules and by regulations pursuant to the Coastal Area Facilities Review Act ("CAFRA"). Such rules, while permitting Vertical Development *prima facie*, contain provisions which, taken as a whole, impede economically viable projects. The CZM Rules reflect uniqueness of New Jersey's coastal zone and the legislative intent in passing the 1973 CAFRA law. The legislation is the basis of CZM Rules found at NJAC 7:7 and 7:7E-1 et. seq.

### **1.1. Prior Housing Element & Fair Share Plans**

North Wildwood's Master Plan was prepared in 1979. Mandatory 6-year Reexaminations were undertaken in 1987, 1994 and March of 2003 (with an amendment adopted in August of that year). In light of the development pressures currently facing the City, North Wildwood has taken a progressive step in authorizing an update to its Master Plan for at this time (even though the next reexamination is not statutorily due until 2009). The City adopted a Housing Plan Element to its Master Plan in 1997. This document was drafted to be consistent with the requirements of the Fair Housing Act and the MLUL.

Said "Third Round Methodology and Rules" were adopted by COAH and became effective in December, 2004. In March 2005, the City commenced preparation of a Housing Plan Element & Fair Share (Affordable Housing) Plan in anticipation of a decision as to whether or not to file a Fair Share Plan with COAH. Through such Housing Element & Fair Share Plan, the City promoted the provision of a variety of housing types of varied affordability ranges, encouraged the on-going maintenance of the City's existing housing stock and formally acknowledged the constitutional obligation to provide a realistic opportunity for the provision of affordable housing to families and/or persons without discrimination.

Before the City had the chance to file the Housing Plan Element & Fair Share Plan for Substantive Certification under COAH's "Third Round Methodology and Rules", the New Jersey Court, Appellate Division, responding to an appeal brought by affordable housing advocacy groups, invalidated COAH's Rules, finding that the regulations were based on invalid calculations, arbitrary rules and unconstitutional provisions. Under the Court's ruling, all municipal actions related to COAH's Third Round were stayed ~ including the preparation of new Fair Share Housing Plans ~, until COAH adopted revised regulations.

While the Appellate Division ordered that such regulations be completed within six (6) months from the ruling (approximately July, 2007), COAH petitioned the State Supreme Court for an extension until mid-2008. The Supreme Court declined such petition, but did modify the original deadline to December, 2007.

Accordingly, a Housing Plan Element & Fair Share Plan, which typically would be included in the Master Plan, had been deferred until COAH's new rules are adopted. The Housing Plan Element & Fair Share Plan document was nearing completion when the New Jersey Appellate Division, responding to an appeal brought by affordable housing advocacy groups, invalidated COAH's Third Round Rules, finding that the regulations were based on invalid calculations, arbitrary rules and unconstitutional provisions. Under the Court's ruling, all actions related to COAH's Third Round were stayed, including the preparation of new municipal Fair Share Housing Plans, until COAH adopts revised regulations. While the Court ordered that such regulations were to be completed within six (6) months from the ruling (approximately July 2007), COAH has missed this deadline and has petitioned the Court for more time. At Publication, on September 22, 2008, the COAH Executive Board voted to adopt rule amendments that were proposed on June 16, 2008. For a further explanation of COAH regulatory history, please refer to the next Section of this Plan.

The 2005 Housing Plan Element & Fair Share Plan published as a draft in September, 2007, therefore deferred action related to a Housing Plan Element & Fair Share Plan until COAH's new rules were adopted and their impacts known.

The active real estate market in the City of North Wildwood has had an impact on the availability of full-time, residential housing in the City. The demolition of residential cottages (or motels used for residential purposes) to make way for townhouses and other multi-unit structures has shifted housing inventory from full-time residential to seasonal occupancy, thereby reducing the City's inventory of available and affordable housing. Wildwood recognizes the need for affordable housing in the City, including housing targeted toward the needs of its employee base. While some form of revised municipal affordable housing obligation will be developed as ordered by the Court, it is not possible, at Publication, to determine the form of such regulations or how any new rules will apply to the City of North Wildwood. It is similarly not possible to determine what modifications to the draft Housing Plan Element & Fair Share Plan, if any, may be required.

## **1.2 COAH History**

The Fair Housing Act (*NJSA 52:27D-301 et seq.*), enacted by the New Jersey State Legislature in 1985, created the Council on Affordable Housing (COAH) within the New Jersey Detachment of Community Affairs (NJDCA). COAH is responsible for determining each municipality's allocation of low and moderate-income housing,

establishing guidelines for implementing the Fair Housing Act and evaluating proposed municipal compliance strategies.

COAH's initial formula was developed for a six-year period, from 1987 through mid-1993 (N.J.A.C. 5:91-1 *et seq.*), and was considered to be Round One. That formula was superseded by 1994 COAH regulations (N.J.A.C. 5:93-1.1 *et seq.*) which recalculated a portion of the 1987-1993 fair share obligation for each municipality and computed the additional municipal housing need through 1999 (Round Two). On December 20, 2004, COAH adopted its Third Round Rules, which apply a "Growth Share" methodology to determine the amount of affordable housing a municipality must provide during the ten year period of 2004 to 2018 (N.J.A.C. 5:96-1 *et seq.*).

The New Jersey Appellate Court Division, responding to an appeal brought by affordable housing advocacy groups, invalidated the Council on Affordable Housing (COAH)'s Third Round rules for the constitutional obligation to provide affordable housing, finding that the regulations were based on invalid calculations, arbitrary rules and unconstitutional provisions. Under the Court's ruling, all actions related to COAH's previous Third Round were stayed. Municipality's certifications under COAH were stayed, including the preparation of new Fair Share Housing Plans, until COAH adopts revised regulations.

On December 17, 2007, COAH proposed revised Round 3 rules and regulation resulting from the Appellate Court decision on January 25, 2007. The rules were published in the New Jersey Register January 22, 2008, and were subsequently adopted on June 2, 2008. The revised 3<sup>rd</sup> Round rules were effective retroactively back to December 20, 2004. COAH also proposed additional new amendments to the adopted 3<sup>rd</sup> Round rule on June 16, 2006 and were expected to be adopted December, 2008.

On September 22, 2008, COAH Executive Board adopted a set of rule amendments, ahead of schedule, affecting affordable housing development. The rule amendments concerning the so-called "third round" compliance period (2004-2018) represent a significant departure from COAH's previous "third round" policies, which allowed municipalities to "pass through" affordable housing obligations directly to developers without providing any real offsetting benefits such as increased densities. The new rule amendments require presumptive minimum densities and/or density bonuses for inclusionary developments (developments containing both market rate housing and lower income housing), with the required densities varying depending upon the applicable State Development and Redevelopment Plan ("State Plan") planning area designation and other criteria.

Full text of the rule amendments and comments/responses could only be downloaded from the October 20, 2008 New Jersey Register. The rules then became effective on

October 20, 2008. In addition, on September 22, 2008, COAH also voted to propose an amendment to N.J.A.C. 5:97-2.5 regarding the exclusion of the demolition and replacement of owner-occupied residential structures from the growth share obligation. This amendment was published in the *New Jersey Register* on November 3, 2008 and open to a public comment period until January 2, 2009.

The amendments were the result of over 4,800 public comments from 600 individuals and groups received in the spring of 2008 regarding COAH's new rules.

Key amendments include:

- Municipal household and employment growth projections were updated to reflect new NJDEP rules, new data from the Highlands Council, and actual growth through 2006 for each municipality;
- COAH's vacant land study was revised to include all environmentally sensitive lands, category one streams, and updated Highlands data;
- Municipalities can come in with local data as to actual vacant land and COAH will make adjustments to the affordable housing obligation;
- Municipalities that moved forward on affordable housing projects over the last four years will receive an incentive bonus;
- New incentives were added for affordable housing located in redevelopment areas and smart growth areas near transit;
- Vacant non-residential buildings that are demolished can be subtracted from the calculation of growth; and
- A new amendment was proposed to allow the subtraction of residential units that are the result of replacement of existing owner-occupied homes.

In another shift from COAH's previous "third round" policies, the new rule amendments assign specific, numerical affordable housing obligations to each of the State's 566 municipalities. When COAH announced the rule amendments earlier this year, it did not make public the actual numbers that would be assigned to each town under those rule amendments. Subsequently, COAH posted its own chart showing municipal fair share housing obligations for the period 2004 to 2018.

While not affecting the City and to illustrate COAH's departure from previous Round rule amendments, under the new rule amendments, sites located in State Plan Planning Area 1 are to be zoned at a presumptive minimum density of eight units per acre, with a presumptive maximum lower income unit set-aside of 25% of the total number of units. For lands located within Planning Area 2, the presumptive minimum density is six units per acre, with a presumptive maximum set-aside of 25%.

For non-sewered sites within Planning Areas 3, 4 and 5, there is to be a 40% density increase, with a presumptive maximum set-aside of 20%. For Planning Areas 3, 4 and 5 lands within sewer service areas (as in the case of the City), the presumptive minimum

density is four units per acre and the presumptive maximum set-aside is 25%. For areas within "urban centers" designated in the State Plan, the presumptive minimum density is 22 units per acre and the presumptive maximum set-aside is 20%. The rule amendments also provide that municipalities and developers can enter into alternative agreements establishing different minimum densities and maximum set-asides. The City of North Wildwood is located in Planning Area 5B (Environmentally Sensitive-Barrier Island).

While presumptive minimum densities are not a new concept, insofar as they reflect COAH's policies in the previous COAH compliance periods, the new 25% maximum set-asides represent a significant change in policy. Previously, COAH and the courts recognized that a 20% set-aside is the practical maximum and that any higher set-aside would actually discourage construction of inclusionary developments.

The rule amendments also require municipalities to adjust bulk standards and maximum height standards to accommodate higher densities and to permit attached housing, clustering and lot size averaging. Higher presumptive densities and lower set-asides for rental housing are also provided for in the rule amendments.

COAH's rule amendments allow municipalities to give developers the option of paying a fee "in lieu" of constructing affordable housing, with those fees ranging from \$145,000 to \$182,000 per affordable unit, depending upon the "COAH Region" within which the lands are located. Municipalities are not obligated to provide this option, and developers are to have the ability to choose whether to build the affordable units or pay the "in lieu" fees. If the builder pays the "in lieu" fee, the developer may get a reduced density bonus, but is still entitled to the presumptive minimum density.

As referenced above, the rule amendments also assign new municipal fair share housing obligations based upon COAH's own projections as to each municipality's anticipated housing growth and employment growth in the years ahead. Unlike the "growth share" approach promoted by COAH in previous iterations of its "third round" regulations, the rule amendments impose specific numerical housing obligations on each municipality. In this vein, the rule amendments create opportunities for developers who seek to construct affordable housing.

Municipalities that are currently under COAH's jurisdiction and wish to remain immune from exclusionary zoning lawsuits must file housing plans by December 31, 2008. In practical terms, the December 31 deadline means that developers who wish to acquire rezoning and construct inclusionary developments should approach municipal officials with development proposals immediately in order to maximize the prospect of favorable rezoning.

Despite COAH's new rule amendments, numerous groups – including municipalities, non-profit housing groups and the development industry – remain convinced that the new COAH rule amendments do not adequately address the constitutional lower income housing issues. To that end, many of these groups, along with individual developers and

municipalities, have filed appeals with the Appellate Division, challenging the rule amendments on various grounds. At this juncture, it is impossible to ascertain whether the rule amendments outlined above will be upheld by the courts, or if another round of revisions is on the horizon. Nonetheless, developers, professionals, municipalities and others most affected by the rules should assume at this point that the current rules will govern, and developers should continue to pursue development proposals with municipalities accordingly.

To date, 237 municipalities have pledged financial support to the New Jersey League of Municipalities ("the League") filing of the lawsuit to invalidate COAH's methodology and to replace it with a sustainable affordable housing strategy. The Appellate Court also advised the League to file briefs in this matter by January 4, 2009.

The Court, however, also ruled on a number of outstanding motions regarding the 24 current appeals (at the time of plan preparation) of the COAH regulations. In general, the Court accepted the procedure and proposed calendar set forth by the League and municipalities and established the League's appeal as the lead case. The League, based on requests from municipal governments, agreed to submit its brief early, so that these municipalities could rely on our master brief in advancing their own arguments.

Therefore, by January 4, 2009, the following organizations must file their briefs in their respective challenges to the COAH regulations; the League of Municipalities, the New Jersey Builders Association (NJBA), the NJ Chapter of the National Association of Industrial and Office Properties (NAIOP) and the Fair Share Housing Center (FSHC.) The Court ordered that these parties file a joint appendix, which the other parties can rely in filing their briefs. The remaining parties are permitted to supplement the joint appendix in their briefs. Other appellants, including other groups of municipalities challenging the regulations will have until February 3, 2009, to file their briefs challenging COAH regulations. The Attorney General's office will then have until March 5, 2009 to file their reply to the challenges brought forth by the Appellants. All appellants will then have until April 4, 2009 to file reply briefs to COAH's brief. Oral arguments will follow at some point in time after April, 2009.

Unfortunately, the result will be towns seeking COAH substantive certification will have to amend prepared plans based on a COAH faulty methodology, a discredited vacant land analysis and the knowledge that further amendments, which will require adjustments to plans, are to be proposed in the upcoming months. This Plan makes this fact as public record the issue of affordable housing policy and regulatory scheme is in a state of flux.

### **1.3 Public Law 2008, Chapter 86 (aka the "Roberts Bill")**

The New Jersey Legislature has passed a new law on July 17, 2008 (PL 2008, c.86), signed by the Governor and now effective, that materially and substantially changes the obligations of both residential and nonresidential developers concerning affordable

housing. That legislation, known as the "Roberts Bill" or "A-500," modified several long-standing affordable housing policies of COAH. The most dramatic change associated with the Roberts Bill was the following:

#### **Elimination of New RCAs**

The Roberts Bill will disallow Regional Contribution Agreements ("RCAs") as a valid technique to acquire credits toward municipal fair share housing obligations. RCAs were contractual agreements pursuant to which "sending municipalities" provided affordable housing funding to "willing receiving municipalities" whereby affordable housing is rehabilitated or the construction of new affordable housing homes or units in the receiving municipalities. The "RCA ban" is prospective only; not retroactive. Essentially, the Roberts Bill disallows all RCAs that have not been approved by COAH, or a court, prior to the effective date of the act. Because of the Roberts Bill, municipalities can no longer use RCAs as a means of meeting their affordable housing obligations.

#### **Increased Densities Required**

The Robert's Bill also amends Section 311 of the New Jersey Fair Housing Act. Whenever affordable housing units are proposed to be provided through an inclusionary development, a municipality shall provide, through its zoning powers, incentives to the developer, which shall include increased the residential densities and reduce the costs to be incurred in building the inclusionary development, in accordance with COAH regulations. This language legislatively requires that developers of inclusionary developments containing affordable housing be provided with offsetting benefits in return for the obligation to provide affordable housing.

#### **New 2.5% Development Fee for Nonresidential**

The Roberts Bill also sets a statewide affordable housing development fee of 2.5% on all nonresidential development (usually calculated on the basis of equalized assessed value, including land costs). Municipalities will be able to retain those fees in their own housing trust funds, and spend them, if they are before COAH (or a court) seeking approval of a fair share plan and a spending plan for affordable housing development fees. Fees assessed in towns that are not before COAH (or a court) would be remitted to the State Treasurer to be used for affordable housing purposes and/or be utilized to assist urban aid municipalities in creating affordable housing. The standard 2.5% fee, overrides COAH's previously adopted regulations, which imposed much larger fee obligation on nonresidential development depending on the square footage and the number of employees generated by such development.



**“Very Low Income” Housing Required**

The Robert’s Bill also requires that COAH is to “coordinate and review” of fair share plans, at least once every three (3) years, to “ensure that at least 13 percent” of all lower income units are affordable to “very low income” persons. “Very low income” is defined as those households earning no more than 30% of the median income for the region. The Robert’s Bill makes clear that “nothing in this section shall require that a specific percentage of the units in any specific project be reserved as very low income housing,” but it does state that *municipalities* may not acquire “bonus credits” for providing very low income housing unless such municipalities exceed that 13 percent figure.

**Impact on Redevelopment**

Redevelopers within a designated Redevelopment Zone will be required to replace lower income housing units subject to affordability controls, if lost because of a redevelopment project, with comparable lower income housing on a one-to-one basis.

**“Excludable” Lands**

The Robert’s Bill will also allow towns to “exclude” more lands from the category of “vacant lands” that are available for lower income housing purposes. Such lands are to include covenant-restricted agricultural lands, lands that are restricted for development pursuant to environmental laws, reserved recreational sites and historic sites. For example, the lands that can be excluded as part of a town’s vacant land inventory will now include “environmentally sensitive lands where development is prohibited by any State or federal agency.” Depending on how broadly COAH interprets such language, this may allow towns to more easily acquire “vacant land adjustments” from COAH, thereby decreasing the magnitude of the fair share obligations they must satisfy at this time.

**Miscellaneous Provisions**

The Robert’s Bill also creates the “Urban Housing Assistance Fund,” which is to receive an annual \$20 million appropriation from the State portion of the nonresidential 2.5% development.

The Robert’s Bill creates another commission, to be called the “State Housing Commission.” The Commission will be obligated to develop a strategic housing plan for New Jersey, and it will have to provide an annual housing performance report to the Governor.

The Robert’s Bill also purports to enable certain regional planning agencies to assist municipalities within their jurisdiction in the production of affordable housing. Those entities mentioned directly in the Bill include the New Jersey Meadowlands Commission, the Pinelands Commission, the Fort Monmouth

Economic Revitalization Planning Authority, and the Highlands Water Protection and Planning Council. The bill further provides that, as to lands within the jurisdiction of certain regional planning agencies, "there shall be required to be reserved for occupancy by low or moderate income households at least 20 percent of the residential units constructed, to the extent this is economically feasible." Cape May County policymakers have proposed an amendment to the Bill to include the South Jersey Transportation Authority as a new regional planning agency.

In addition, State agencies must, pursuant to the Bill, provide a housing affordability impact statement and a smart growth development impact statement when proposing new regulations. Such statements are to examine how proposed regulations will affect the availability and price of housing, and impact on new construction, in Planning Areas 1 and 2 and designated centers.

The Robert's Bill further provides that a developer of a project consisting of newly-constructed residential units being financed in whole or in part with State funds, including, but not limited to, transit villages designated by the Department of Transportation, units constructed on State-owned property, and urban transit hubs as defined, shall be required to reserve at least 20 percent of the residential units constructed for occupancy by low or moderate income households. The affordability controls as required under the regulations of COAH, unless the municipality in which the property is located has received substantive certification, such a reservation is not required under the approved affordable housing plan, or the municipality has been given a judgment of repose or a judgment of compliance by the court, and such a reservation is not required under the approved affordable housing plan.

The Roberts Bill stipulates that any municipality seeking substantive certification, shall require that a minimum percentage of housing units in any residential development resulting from a zoning change made to a previously non-residentially-zoned property, where the change in zoning precedes or follows the application for residential development by no more than 24 months, be reserved for occupancy by low or moderate income households, which percentage shall be determined by COAH based on economic feasibility and the proposed density of development.

#### **1.4 City of North Wildwood Affordable Housing History**

The City of North Wildwood has recognized the importance of updating its Housing Element & Fair Share Plan and has recently engaged Remington, Vernick & Walberg as of November, 2008 to prepare the Housing Element & Fair Share Plan. This recognition came at an opportune time. With COAH's publication of the "Third Round" rules in

June, 2008, the City of North Wildwood sought to capitalize on the opportunity to not only update its Housing Element portion of the current Master Plan, but also petition COAH for Substantive Certification.

The City was formerly part of COAH's process as part of the Second Round rules. The City petitioned COAH on April 2, 1997 for substantive certification of its Housing Element & Fair Share Plan. In the Second Round (1987-1999), the precertified need was 113 units of which 33 are rehabilitation units and 80 new construction units. The City and COAH determined that North Wildwood had three (3) sites with developable land suitable for inclusionary development, reducing the City's realistic development potential (RDP) to seven (7) units, resulting in a Fair Share of 40 units and an unmet need of 73 units. Substantive certification was granted by COAH on January 5, 1999. The Second round certification expired on January 5, 2005 with failure to renew the petition for the Third Round (for reasons state herein previously).

### **1.5 City of North Wildwood Housing Policy Statement**

The City of North Wildwood remains committed to providing affordable housing, and implementing housing policies beyond the COAH requirements.

Historically, the City of North Wildwood has offered housing opportunities for a full spectrum of people ranging from those of low & moderate income to the affluent. Ensuring that these opportunities continue to be available, is an important part of this Housing Element & Fair Share Plan. Maintaining a balanced community ensures diversity of population, reflecting a wide variety of social, cultural, ethnic and economic backgrounds as well as a broad mix of compatible land uses. The Housing Element seeks to reinforce the human scale, diversity of residential opportunity, variety of experience, coastal town image, and balance of uses that are the essence of the City of North Wildwood. Given the dwindling amount of vacant land in the City of North Wildwood, the construction of new affordable housing and senior housing on a large scale may not be possible. Therefore, it is imperative to develop alternatives to traditional developments in providing affordable housing in the City of North Wildwood.

### **GOALS**

- I. Provide the City of North Wildwood's regional fair share of affordable housing for low, moderate & middle income households.**
- II. Provide for the housing needs of the handicapped & the elderly.**
- III. Promote, preserve and enhance City of North Wildwood's unique community life and housing stock.**
- IV. Provide for present & future housing needs in the Wildwood Community, while retaining the coastal tourist-town quality and diversity of life within the**

community, consistent with the vision of the City of North Wildwood.

- V. **Balance the City of North Wildwood's housing needs with other land uses, and the goals & policies of other elements of the 2006 Master Plan.**
- VI. **Ensure that new housing development does not have a negative impact upon the natural or man-made environment within the City of North Wildwood, nor should it place an undue burden on existing infrastructure & roads or negatively impact the quality of life.**
- VII. **Higher density housing opportunities for affordable and senior housing should be provided in areas where the impact on the City of North Wildwood's quality of life, traffic circulation, schools, and transportation system can be minimized.**

### **STRATEGIES**

In addition to the housing strategies found herein, the City of North Wildwood is committed to providing opportunities for a variety of housing affordable to low-, moderate-, and middle-income families as well as providing additional opportunities for senior housing. Listed below are strategies that will be evaluated by the City and recommended for implementation if suitable sites are found.

#### **I. Low & Moderate Income Housing**

- A. Continue housing rehabilitation program utilizing developer development fees.
- B. Provide opportunities for new affordable housing utilizing developer fees, state & federal funding and or private funds for both development & purchase of sites.
- C. Promote scatter site and/or infill development for affordable housing.
- D. Encourage local tax-exempt institutions to provide affordable housing for their low income workers.

#### **II. Middle Income Housing**

- A. Provide opportunities for new middle income housing through below market mortgages similar to the State's CHOICE program.
- B. Utilize cluster development or innovative zoning techniques to provide housing opportunities.

#### **III. Senior Housing**

- A. Promote scatter site and/or infill development for senior housing.
- B. Develop additional senior housing zones in appropriate locations.
- C. Provide opportunities for nontraditional senior housing.

### **1.6 Summary**

The realistic opportunity for affordable housing was determined to be a constitutional obligation by the New Jersey Supreme Court in 1975, in the case of *Southern Burlington*

County NAACP v. Township of Mt. Laurel (Mt. Laurel I). In its 1983 Mt. Laurel II decision, the Supreme Court reaffirmed and expanded the Mt. Laurel doctrine and stated that all municipalities share in the obligation. The Supreme Court also provided guidance in determining a municipality's fair share and approved use of the builder's remedy for municipalities that do not voluntarily meet their constitutional obligation. On July 2, 1985 the Fair Housing Act (FHA) was enacted as the legislative response to the Supreme Court rulings. The Act created COAH as the voluntary administrative alternative to the Courts. The Act also stipulated that while COAH is a voluntary process, not participating leaves municipalities at risk of a builder's remedy lawsuit. In this type of lawsuit, a developer sues a municipality on the basis that it has not provided its fair share of affordable housing, and then the Court can dictate where and how much affordable housing the municipality provides and at what density. In January 2007, the Appellate Court declared that COAH had to revise its Growth Share regulatory environment methodology to allow for the creation of more affordable housing units.

The City's draft 2005 Housing Element & Fair Share Plan was submitted to the City but never acted upon due to litigation brought against COAH by various groups in the State. At the conclusion of that litigation, COAH's redrafted Third-Round regulations became effective in September 2008. They were followed by several amendments, which are still in the comment period. The City is preparing the Plan pursuant to the adopted Third-Round rules as well as the pending amendments.

Once again, the City of North Wildwood is preparing a Housing Element & Fair Share Plan for certification under the rules and regulations of COAH. The Plan is due to COAH by December 31, 2008.

Participation in the COAH process is voluntary, and particularly the receipt of substantive certification protects municipalities from builders' lawsuits because it means that the City has an approved plan to supply the fair share of affordable housing. Certification also allows us to collect development fees from developers of real property, which are used to create affordable housing in the community.

The Supreme Court in 1975 has dictated that the provision of affordable housing is an ongoing constitutional obligation. Municipalities must plan for their affordable housing obligation to be addressed by 2018 and must build affordable housing in keeping with market rate growth. A municipality's fair share obligation is composed of three parts:

- a rehabilitation share (existing substandard housing occupied by low/moderate income households),
- a prior round share (any unmet obligation left over from first and second rounds), and

- a growth share (the obligation generated by future residential and nonresidential growth measured at 1 affordable unit out of 5 and 1 affordable unit for every 16 jobs).

Growth share is a way to measure a municipality's affordable housing needs based on actual growth that takes place. A municipality can zone to accommodate affordable housing among market rate development. However, a municipality is only responsible for building affordable housing when they have built market rate housing and commercial development. If neither market rate units nor commercial development are built, affordable units do not have to be built, because no growth has taken place. However, for the City of North Wildwood, growth share harms urban, coastal cities. Growth share will have the unintended consequence of inhibiting the revitalization of areas like the City of North Wildwood that are in dire need of the infusion of major new real estate investments

Affordable housing is housing that is available to people of moderate income at a reasonable price. A unit is generally considered affordable if the owner pays approximately 28% (30% for renters) or less of his/her gross income on housing costs. Housing costs include the base rent as well as the cost of utilities for renters and include mortgage payments, property taxes, insurance, and homeowner's association fees for owners. Families, singles, and seniors can qualify for affordable housing. Municipalities need to put zoning or other affordable housing programs in place to create a "realistic opportunity"<sup>9</sup> for the affordable housing need to be addressed. COAH provides certain mechanisms of options for providing affordable housing, including 100 percent affordable projects using a non-profit or for-profit partner, zoning for affordable housing, purchasing existing homes in the community and making them affordable for working class families and seniors, building affordable units over retail stores in downtowns or preserving existing affordable units into the future, for compliance.

COAH has calculated the municipal obligation for each municipality in the State. For the City of North Wildwood, the calculation is as follows based on the published regulations in the October 20, 2008, COAH adoption of rule amendments affecting affordable housing development.

Per NJAC 5:97-1(F)(2)

Rehabilitation Share =	16
'87-'99 Prior round Obligation =	80
Projected Growth Share =	23
 Total Municipal Obligation =	 119 Affordable Units by 2018.

<sup>9</sup> New Jersey's Fair Housing Act

COAH rules & regulations allow each municipality to reduce their shares by taking "credit" for any affordable housing it has produced since 2000. By taking these credits, the City can reduce the rehabilitation share and calculated growth share obligation. The Housing Element & Fair Share Plan must demonstrate how the City of North Wildwood will meet the fair share constructional obligation under the New Jersey's Fair Housing Act between 2004 and 2018.

Because the Housing Element & Fair Share Plan is an Element of the City of North Wildwood's Master Plan, it must be adopted by the Planning Board after a public hearing. The adopted Housing Element & Fair Share Plan is then forwarded to the City of North Wildwood Council for endorsement.

COAH's Third-Round regulations are too long and complicated to explain in detail here. Anyone wishing to review the Third Round regulations may log onto COAH's web site at [www.state.nj.us/dca/coah](http://www.state.nj.us/dca/coah).

Although COAH had previously identified special categories of municipalities that cannot carry the burden of affordable housing, due to their status of receiving State aid, COAH's adopted amendments do not account for economically depressed communities. To impose a growth share obligation on such communities who are counting on new construction to achieve an economic rebound would be devastating. Indeed, forcing struggling communities to bear a growth share burden would not only stifle future economic development in these municipalities, which typically house a high percentage of low and moderate households, but also will devastate the municipality's ability to rehabilitate its economy. Absent a change to the proposed regulations, COAH's new regulations will make it increasingly difficult for lower income households and work force households to be able to continue to be able to afford to live in the community.

With this in mind, the new COAH rules are likely to severely inhibit municipalities' efforts to revitalize communities like the City of North Wildwood, a former seasonal colony who has worked very hard to become a year-round tourist/resort destination. While the City needs an ample work force housing to keep the community's economy vibrant, COAH rules need to be equitable to municipalities with no real year-round tax base. While all shore communities compete with North Wildwood for vacation, residential and rental markets, the main economic competition for day-to-day retail and service needs comes from Rio Grande, located in Middle Township, on the mainland. It is Rio Grande here many of the "big box" retailers have located their food stores, home centers and other outlets.

The growth share principle harms cities like North Wildwood. Growth share harms urban, coastal cities. Growth share will have the unintended consequence of inhibiting the revitalization of areas like the City of North Wildwood that are in dire need of the infusion of major new real estate investments. This concept creates a major disincentive

to build new homes and resort facilities in the Coastal communities. It is likely that real estate developers who specialize in first class resort developments will shy away from the coastal communities that drive the tourism dollar for the entire State of New Jersey. Ultimately, it is feared that the State will lose its highly competitive tourism dollar to other States that make the investment to its tourism related areas.

Tourism in Cape May County is a \$4.64 billion dollar industry and continues to grow in economic impact and as an employment generator. 57% of Cape May County's economy comes from tourism. 47% of Cape May County's tourism expenditures come from accommodations sector<sup>10</sup>. Of the 21 counties in New Jersey, tourism is of greatest relative importance in Cape May County, with 60% of the County's economy coming from tourism. Overall, Cape May County ranks second in the State in expenditures, with an economic impact of \$4.6 billion. Atlantic County continues to come out on top with \$12.7 billion in expenditures. As tourism spending increases, the need to better promote and market this destination becomes important. In the past, Cape May County competed with other beach destinations along the Eastern seaboard. Vacations advertising for "dream vacations" to exotic locations all over the globe are appearing in the "Jersey Shore" marketplace and are geared to the entire family. Competitive pricing for these vacations options are a serious concern. A recent survey by the Mid-Atlantic division of the Automobile Association of America found a Jersey Shore vacation to cost more than other vacation destinations. For the past three years, Cape May County and the State of New Jersey tourism departments have focused on how to promote the Jersey Shore as a tourist destination. Ultimately, it is feared that the State will lose its highly competitive tourism dollar to other States that make the investment to its tourism related areas.

Our tourism inventory has changed drastically over the last five (5) years. Increased land values have created a building boom that is changing the face and culture of tourism in all 16 municipalities. Much of the tourism product once offered, and the foundation of the summer vacation of the past, is gone forever. Many of the familiar hotels, motels, rooming houses and "mom & pop" businesses that were once the mainstay of a "down the shore" vacation have been replaced with "trendier" upscale accommodations and national franchised establishments. Land value has sky-rocketed and, more often than not, the land is worth more than the structure that sits on it. Demolitions in general, are so commonplace it has become more of a "when" than "if" it will be razed. Demolition permits in the past three (3) years grew to 63% of all demolitions in the past decade. Any of the support businesses such as Laundromats, hardware stores, corner grocery and sundries stores are rapidly disappearing.

North Wildwood faces three (3) critical challenges to reinventing its business districts. The first, find ways to compete with Rio Grande and other mainland shopping destinations and draw the traffic they generate. The second is to develop business supplying the large ticket good and specialty services to draw people to North Wildwood.

<sup>10</sup> 2006 Cape May County Tourism Conference handout



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Thirdly, make North Wildwood more competitive as a vacation & seasonal shopping destination.

Cape May County leads the State in the number of second homes with 47% of our total housing units now considered second or seasonal homes. Of the 91,000 housing units in Cape May County, 43,000 are seasonal second homes. In some of our resort communities that number could be as high as 75% range. As the winter population in our oceanfront communities' declines, the mainland communities continue to grow. These population shifts coupled with other demographic changes have impacted tourism in the County in major ways. Condominium development and/or conversions are part of the second home phenomenon.

In summary, City of North Wildwood will apply credits for rehabilitation activity and other available credits pursuant to COAH regulations to reduce the Rehabilitation Share component and reduce the Growth Share component. The Plan then sets forth a strategy for addressing the remaining obligation.

## 2.0. Inventory of City Housing Stock

North Wildwood is almost fully developed. New housing units are added mostly through scattered site, infill development, demolition or redevelopment of existing structures. North Wildwood's residential properties range from large single family homes to modest apartments. Housing units come in all sizes, shapes, prices and styles. They are located on quiet streets and on main streets. This variety appeals to a diverse population of singles, couples, families, seniors and persons with disabilities, and is what attracts many people to the community. Condominium and cooperative conversions have slowed since the mid- 1980s boom. Condominium/Apartment living is increasing in the central business district reflecting a national trend in downtown living near shopping, dining and entertainment venues. Several new multi-family developments have been constructed in or near the downtown. The City's zoning ordinances have historically permitted residential units in our commercial and office areas either on its own site or in mixed use settings.

Most multi-family housing is located at or near office and commercial zones. While there is usually something for everyone, a few housing types not offered include age-restricted market rate developments and assisted living facilities, probably due to the high cost of land & absence of tracts of land needed for large developments of this type. Also limited are affordable housing options which will be discussed further herein.

Detailed information concerning the City's housing stock is available through the US Census Bureau (1990 and 2000 Censuses). A brief comparison of basic characteristics is presented in Table 1.

**Table 1: Basic housing characteristics, City of North Wildwood (1990-2000)**

	1990	2000	# Change	% Change
<b>Persons</b>	5,017	4,935	-82	-1.63
<b>Households</b>	2,150	2,309	159	7.40
<b>Housing Units</b>	7,209	7,411	202	2.80
<b>Occupied</b>	2,150	2,309	159	7.40
<b>Owner-Occupied</b>	1,364	1,531	167	12.24
<b>Renter-Occupied</b>	786	778	-8	-1.02
<b>Vacant</b>	5,059	5,102	43	0.85
<b>Persons per occupied unit</b>	2.33	2.14	-0.19	-8.15

Source: US Census Bureau, 1990 & 2000 Census

As noted in Table 1, the City's basic housing characteristics experienced a little growth between the 1990 and 2000 Censuses, an indication of the lack of developable land and limited investment in the community. While households and housing units both rose in those 10 years, by 159 & 202 respectively, the overall population declined by 1.63% or 82 residents. These factors directly contributed to an 8.15% drop in the average number

of occupants per unit to 2.14. As Table 1 illustrates, the 1990 and 2000 Censuses indicant *incorrectly* a significant amount of vacant housing did exists in the City, but as clarified in Table 2, almost 90% of that amount in 2000 was seasonal/vacation units.

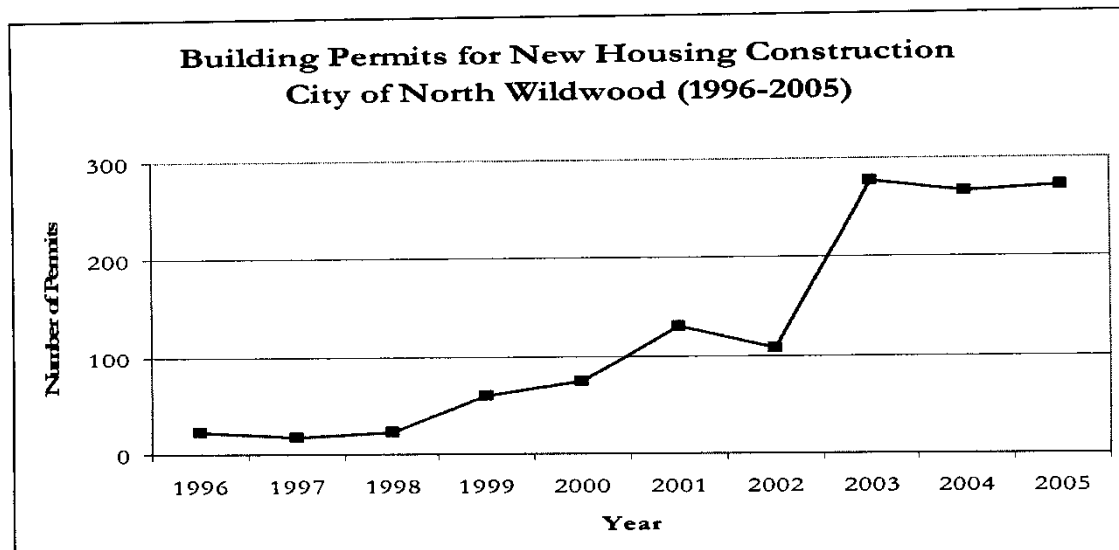
**Table 2: Occupancy & Vacancy Rates, City of North Wildwood (1990-2000)**

	1990	Percent of Whole	2000	Percent of Whole	Absolute Change	% Change
<b>Total Housing Units</b>	7,209		7,411		202	2.80%
<b>Occupied</b>	2,150	29.82%	2,309	31.16%	159	7.40%
<i>Owner-Occupied</i>	1,364	63.44%	1,531	66.31%	167	12.24%
<i>Renter-Occupied</i>	786	36.56%	778	33.69%	-8	-1.02%
<b>Vacant</b>	5,059	70.18%	5,102	68.84%	43	0.85%
<i>Seasonal Homes</i>	3,967	78.41%	4,558	89.34%	591	14.90%
<i>For Sale/Rent</i>	864	17.08%	451	8.84%	-413	-47.80%
<i>Other</i>	228	4.51%	93	1.82%	-135	-59.21%

Source: US Census Bureau, 1990 & 2000 Census

In addition, Figure 1 depicts the increase the City is currently experiencing in new housing construction based on the total number of residential building permits issued by year (1996-2005). The data reveals that while the City is built out (*based on downloaded COAH mapping*), developable parcels do still exist either through conversions or demolition.

**Figure 1. Building Permit Activity**



Source: NJDCA Division of Codes and Standards (1996-2005)

It should be noted that the City has experienced an upsurge in annual housing construction since 2000. More specifically, data reveals an increase of over 200% in the number of building permits issued between 2003 and 2004. Additionally, data indicates that this trend is continuing in 2005, as 192 building permits were issued in the first half of the year (through June 30, 2005). These newly-constructed units are not accounted for in the 2000 Census. Figure 1 depicts the total number of residential building permits issued by year (1996-2005).

## **2.1. Physical Character of City Housing Stock**

During the past 10 years, the City has experienced steady growth in the housing market (Figure 1), since the 2000 Census. The vast majority of city's housing units were built prior to 1980 with a median construction date of 1959. Figure 2 again reveals the large amount of seasonal homes in the City of North Wildwood as the total number of units is significantly higher than the sum of renter- and owner-occupied housing. While North Wildwood is in the midst of an increase in housing construction, the overall trend that Figure 2 illustrates is the steady decline in housing construction, indicative of a mature, built out community.

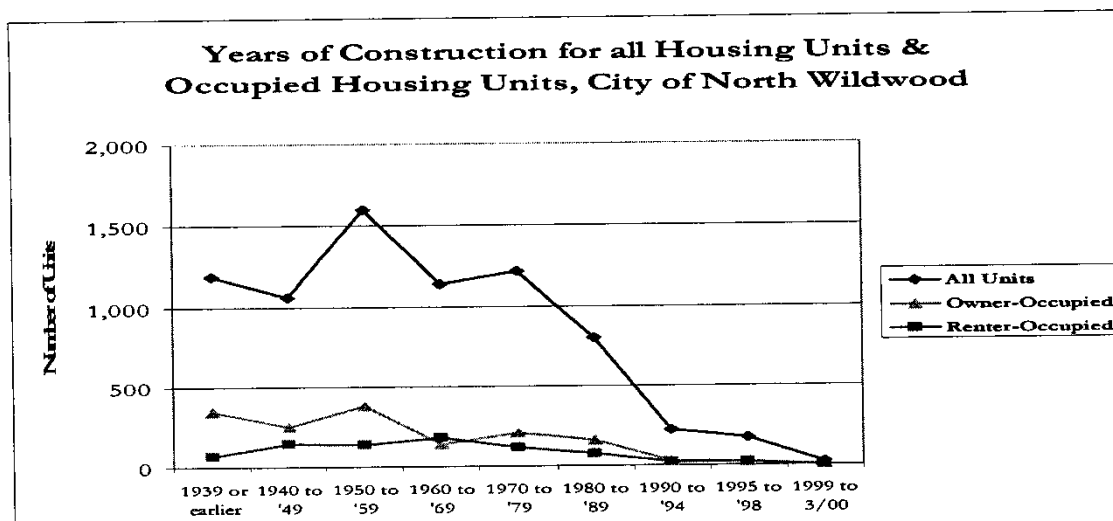
The majority of the City's housing stock was constructed in the first half of the twentieth century. City-wide, owner-occupied units tend to be slightly older than rental units, with median years of construction of 1940 and 1955, respectively. As Figure 2 depicts, this discrepancy is largely due to a decrease in occupied-unit construction during the 1960's, whereas rental unit construction was generally steady throughout the 1950's with a moderate increase during the 1960's.

According to the 2000 Census report, 58% (2,780 of the 4,822 housing units) of the City's homes were designated for seasonal use. In 1990, 52% of the City's homes were designated for seasonal use. From 1990 to 2000 the City realized an increase of 12% in its seasonal housing stock.<sup>11</sup>

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<sup>11</sup> Source: US Bureau of Census 1990 and 2000

Figure 2: Year of Construction of Housing Units



Source: US Census Bureau

It should be noted that Cape May County has a large number of dwellings that are only seasonally occupied. Because of this readily available housing stock, any population or employment projections may be subject to significant and unpredictable fluctuations.

Table 3: Year-round &amp; Seasonal Units, Cape May County (1990-2000)

Cape May County Select Housing Characteristics 1990 and 2000 Census												
	Housing Units		Year Round (Occupied)		Seasonal (Vacant)					Median Year		
	1990	2000	1990	2000	1990	Percent of Total	2000	Percent of Total	Percent Change 1990-2000	1990	2000	Change
Avalon Borough	5,028	5,281	838	1,045	3,577	71%	3,719	70%	4%	1971	1978	7
Cape May City	4,052	4,054	1,868	1,824	1,121	28%	2,092	51%	87%	1963	1965	3
Cape May Point Borough	578	488	142	132	333	58%	352	71%	6%	1951	1958	8
Dennis Township	1,980	2,309	1,780	2,157	62	3%	111	5%	79%	1975	1979	4
Lower Township	12,740	13,924	8,403	9,325	3,553	28%	4,132	30%	16%	1968	1968	3
Middle Township	6,970	7,510	5,346	6,009	1,022	15%	1,131	15%	11%	1968	1973	5
North Wildwood City	7,203	7,411	2,150	2,309	3,957	55%	4,627	62%	17%	1965	1965	3
Ocean City	18,880	20,298	7,074	7,464	9,077	48%	11,554	57%	27%	1965	1972	7
Seaside City	5,991	6,640	1,183	1,372	4,334	72%	4,941	74%	14%	1975	1981	6
Stone Harbor Borough	3,173	3,428	535	595	1,980	62%	2,546	74%	28%	1954	1965	11
Upper Township	5,265	5,472	3,705	4,285	1,340	25%	1,089	20%	-18%	1975	1981	6
West Cape May Borough	913	1,007	464	507	348	38%	455	45%	31%	1955	1958	3
West Wildwood Borough	774	775	205	205	555	72%	512	66%	-9%	1965	1965	0
Wildwood City	6,269	6,527	1,885	2,355	2,490	40%	3,338	51%	34%	1945	1948	3
Wildwood Crest Borough	4,772	4,822	1,605	1,799	2,487	52%	2,780	58%	12%	1954	1968	14
Woodbine Borough	945	1,080	684	773	219	23%	265	25%	21%	1965	1965	0
<b>Cape May County</b>	<b>85,537</b>	<b>91,047</b>	<b>37,855</b>	<b>42,148</b>	<b>36,448</b>	<b>43%</b>	<b>43,645</b>	<b>48%</b>	<b>20%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

Source: US Census

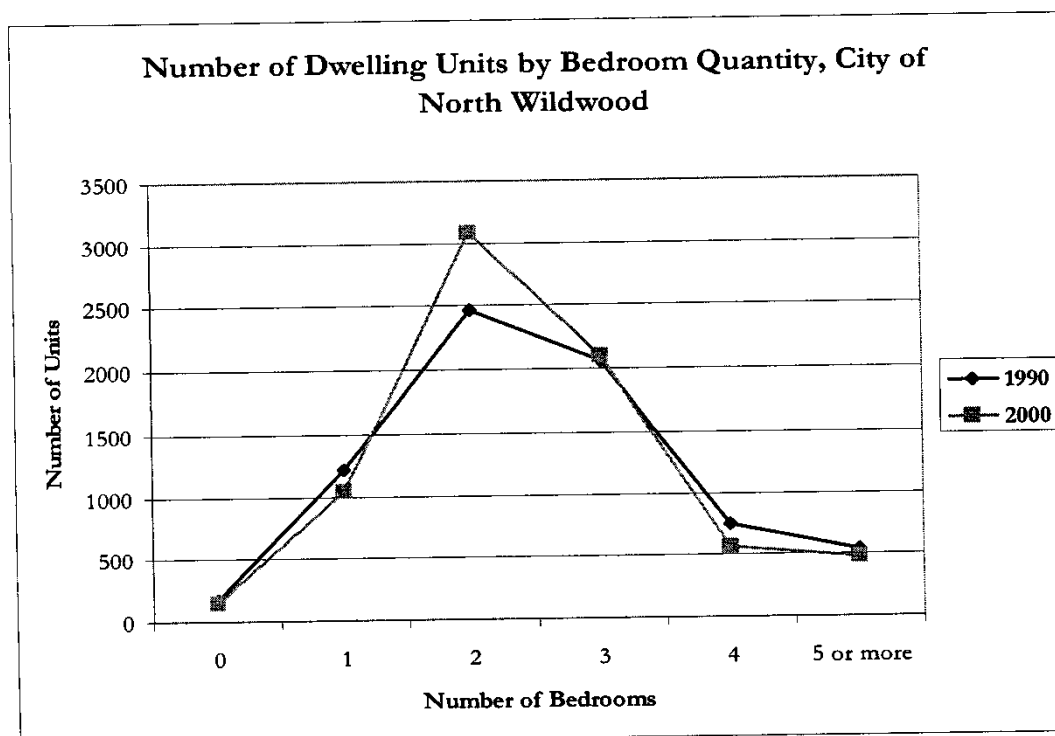
Table 4: Housing Characteristics, City of North Wildwood, 2000

Municipality	1-unit, detached	1-unit, attached	2 units	3 or 4 units	5 to 9 units	10 to 19 units	20 or more units	Mobile home	Boat, RV, van, etc.
North Wildwood	2,347	585	1,533	1,056	699	389	802	0	0
Cape May County	46,991	8,301	15,804	5,983	4,021	2,412	4,714	2,807	14

Source: US Census Bureau, 2000 Census

The typical home in North Wildwood has a two-bedroom configuration, with the number of three-bedroom units declining slightly between 1990 and 2000. A trend towards larger units appears to be developing in the City, as the number of homes with five bedrooms or more increased by roughly 39%. One possible reason for this trend is as the community has seen an increase in investment, older dilapidated housing is possibly being replaced by a standard two-bedroom configuration or multi-family structure. This is illustrated in Figure 3 below.

Figure 3. Bedroom Quantity, City of North Wildwood



Source: US Census, 1990 and 2000 Decennial Census, Summary File

## 2.2. Substandard Units

Housing units are generally considered to be substandard where they lack basic facilities (such as complete plumbing or complete kitchens), or where they are overcrowded (generally defined as having, on average, more than one person per room). Based on these definitions, a maximum of 42 substandard dwelling units were present in the City as of the 2000 Census (as detailed in Table 3). The true number of substandard units is likely somewhat lower, as there is likely some overlap among units lacking plumbing, units lacking a complete kitchen, and units that are overcrowded. Every such substandard unit represents an opportunity for rehabilitation.

**Table 5: Substandard Housing Units, City of North Wildwood (2000)**

Characteristic	# Units
Overcrowded (>1 person per room)	25
Lacking complete plumbing	15
Owner-occupied	6
Renter-occupied	20
Lacking complete kitchen	2
Owner-occupied	0
Renter-occupied	66

Source: US Census, 2000 Decennial Census, Summary File

In general, the number of substandard housing units in North Wildwood is low relative to the total number of units.

## 2.3. Value and Price of Housing Units

Table 3 illustrates the relative median value of owner-occupied housing units in the City as presented in the 1990 and 2000 Censuses, as well as the relative cost of 'contract rent' (rent paid monthly during a lease, exclusive of utilities) over the same timeframe. Each of these values increased during the 1990s. These changes are further illustrated by Figures 4 and 5, below.

**Table 6: Median Home Values and Rent Costs, City of North Wildwood (1990 & 2000)**

	1990	2000	# Change	% Change
Median value of owner-occupied units	\$111,300	\$129,600	+\$18,300	+16.44%
Median monthly rent of renter-occupied units	\$439	\$531	+\$92	+20.96%

Source: US Census Bureau, 1990 & 2000 Census

While an increase in home values is beneficial to the City's existing homeowners, it makes entry into homeownership more difficult for in-migrating and lower-income

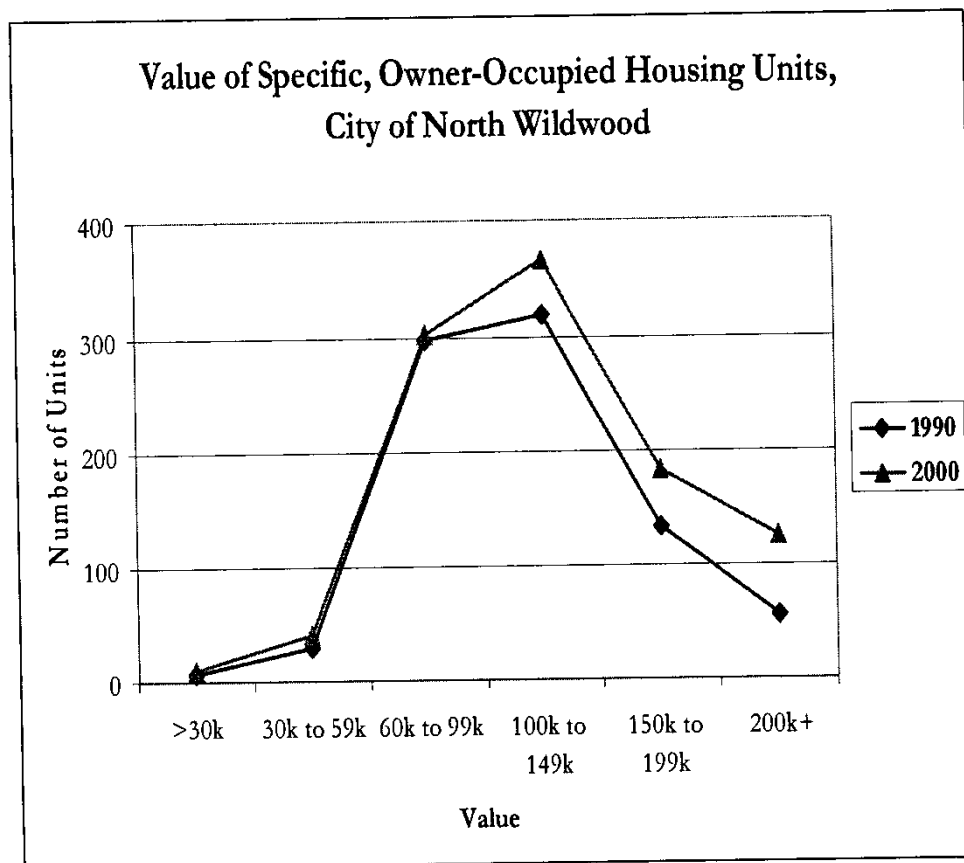
residents. Additionally, the increase in rent prices has the same negative effect on affordability without having any benefit for existing residents (aside from those who own rental properties). Accordingly, the affordability of housing in the City can be expected to become an issue of higher priority in the coming years and decades.

**Table 7: Home Values, North Wildwood (2000, Owner -Occupied Units)**

Municipality	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 to \$299,999	\$300,000 to \$499,999	\$500,000 to \$999,999	\$1,000,000 or more
North Wildwood	9	307	366	184	79	29	8	9
Cape May County	319	7,199	7,130	4,530	3,302	2,082	877	178

Source: US Census Bureau, 2000 Census

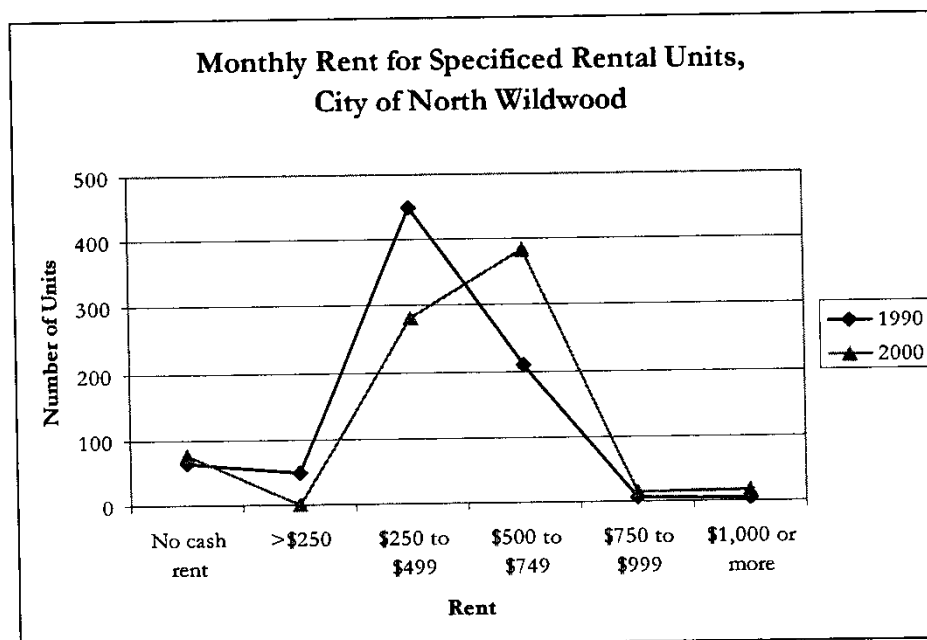
**Figure 4. Home Values, North Wildwood (1990 & 2000, Owner -Occupied Units)**



Source: US Census, 1990 and 2000 Decennial Census, Summary File



**Figure 5: Rent Costs, City of North Wildwood (1990 & 2000)**



Source: US Census, 1990 and 2000 Decennial Census, Summary File

## 2.4. Housing Unit Affordability

National standards consider market-rate housing to be affordable at a given income level where a household does not spend more than 30% of its monthly income on direct housing costs. This section considers units in the City which are affordable in this market-rate context.

COAH defines moderate-income households as those having not more than 80% of gross median household income, and low-income households as those having not more than 50% of the gross median household income. While COAH sets qualifying income levels by housing region, and based on the number of persons per household, these general definitions of low and moderate-income can be applied in a market context to provide a rough estimate of housing unit affordability in the City. Given that the most recent comprehensive home cost data is from the 2000 Census, this plan assesses unit affordability based on aggregate City income levels from the same Census (in order to allow for an 'apples to apples' comparison) rather than more recently defined COAH regional income levels.

COAH defines six COAH Housing Regions, each is made up of 3-4 counties. The City of North Wildwood is part of Housing Region Six (6) which includes Cape May, Atlantic, Cumberland and Salem Counties.

COAH identified income populations of low and moderate-income families are defined in Fair Housing Act:

Moderate = Households whose income falls between 50 and 80 percent of regional median income. In Region 6 for 2008, this would be \$64,793 or less for a family of four.

Low = Households whose income falls below 50 percent of regional median income. In Region 6 for 2008, this would be \$32,397 or less for a family of four.

Illustrative Sales Price for a 3 bedroom for-sale unit, at 70% of median – \$106,131

Illustrative Rental Cost for a 3 bedroom rental unit, at 60% of median – \$860/month

**COUNCIL ON AFFORDABLE HOUSING (COAH)  
2008 REGIONAL INCOME LIMITS**

Region	Income Level	1 Person	2 Persons	*3 Persons	4 Persons	5 Persons	Max. Increase** Rent/Sales	Regional Asset Limit**
6 - Atlantic, Cape May, Cumberland, & Salem	Median	\$45,355	\$51,834	\$58,314	\$64,793	\$69,976	3%	\$121,348
	Moderate	\$36,284	\$41,468	\$46,651	\$51,834	\$55,981		
	Low	\$22,678	\$25,917	\$29,157	\$32,397	\$34,988		
	Very Low	\$13,607	\$15,550	\$17,494	\$19,438	\$20,993		

**COUNCIL ON AFFORDABLE HOUSING (COAH)  
2007 REGIONAL INCOME LIMITS**

Region	Income Level	1 Person	2 Persons	*3 Persons	4 Persons	5 Persons	Max. Increase** Rent/Sales	Regional Asset Limit**
6 - Atlantic, Cape May, Cumberland, & Salem	Median	\$44,015	\$50,303	\$56,591	\$62,879	\$67,909	3.80%	\$117,814
	Moderate	\$35,212	\$40,243	\$45,273	\$50,303	\$54,327		
	Low	\$22,008	\$25,152	\$28,296	\$31,440	\$33,955		
	Very Low	\$13,205	\$15,091	\$16,977	\$18,864	\$20,373		

\*\* These columns are for calculating the pricing of one, two and three bedroom sale & rental units, per NJAC 5:80-26.6(b) and NJAC 5:80-26.12(a)

\*\*\*This column is used for calculating the pricing for resale & rent increases for units as per NJAC 5:94-7.2(b)(2). Affordable prices & rents may be raised a maximum of 3%, based on the US Dept. of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI), United States, and All Urban Consumers Housing. However, low income tax credit developments may increase based on the low income tax credit regulations.

\*\*\*The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing per NJAC 5:80-26.16(b)(3).

Based on COAH standards, maximum monthly rental housing costs<sup>12</sup> at each income level are:

MONTHLY HOUSEHOLD AFFORDABILITY LIMITS	HOUSEHOLD SIZE				
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
MODERATE INCOME	\$1,134	\$1,296	\$1,458	\$1,620	\$1,749
LOW INCOME	\$567	\$648	\$729	\$810	\$875

City of North Wildwood's median household income is \$32,582<sup>13</sup> (updated to \$30,404 for 2006)<sup>14</sup>.

It should be noted that the COAH-specified 2008 qualifying income levels for Housing Region 6 (which includes Cape May County) are higher than those calculated here for City of North Wildwood (for any family size larger than 1 person), making the below calculation of the number of affordable units a fairly conservative one. However, it is also worth noting that the below estimated numbers of affordable units are affordable only in a market setting, and are not deed restricted to remain as such.

The City of North Wildwood's median household income as of the 2000 Census was \$32,582<sup>15</sup>. The City of North Wildwood's median household income as of the 2000 Census was \$32,582. Based on COAH standards (50% / 80%), a low-income household would therefore have an income of \$16,291 or lower, and a moderate-income household would have an income of \$26,066 or lower. Based on these income levels, Table 4 presents the maximum monthly housing cost at each level that would be affordable.

**Table 8: Affordable monthly housing expenses at low and moderate income levels**

Median Income based on 2000 Census	\$32,582
'Moderate' annual household income	\$26,066
'Low' annual household income	\$16,291
Monthly affordable limit for housing expenses [(annual income/12)*0.3]:	
Median income households	\$815
Moderate-income households	\$652
Low-income households	\$407

<sup>12</sup> COAH calculates Monthly Affordability Limits for Household Expenses as (annual income / 12) x 0.3

<sup>13</sup> As reported in the 2000 Census.

<sup>14</sup> North Wildwood Business Inventory, 11/2007, by Triad Associates

<sup>15</sup> As reported in the 2000 Census.

Table 5 (below) reflects an estimate of the number of rental units (as of the 2000 Census) with rents below these thresholds, and which therefore qualify as being 'affordable' at the low and moderate income levels (again, in a market setting, and without deed restrictions to that effect).

An estimate of the number of rental units (as of the 2000 Census) with rents below these thresholds, therefore qualifying as 'affordable' at the low and moderate income levels (again, in a market setting, and without deed restrictions to that effect) is calculated. To calculate the number of affordable owner-occupied dwelling units in the City requires an assumption in terms of mortgage term, down payment, and interest rate. For this purpose, a thirty-year mortgage, 5% down payment, and 7% interest rate are here assumed. In this framework, a \$103,200 home would result in a monthly payment of \$652.26, and would therefore be affordable at the moderate income level. A \$64,500 home would result in a monthly payment of \$407.66, therefore being affordable at the low income level (as previously defined). Table 5 reflects an estimate of the number of owner-occupied units in the City having values below these thresholds. Both calculations assume equal distribution of housing values and contract rents.

**Table 9: Affordable Monthly Housing Expenses at Low and Moderate Income Levels (2000)**

	Household Income	Housing Budget	Affordable Rental Units	Percent of Total Rental Units	Affordable Owner-Occupied Units	Percent of Total Owner-Occupied Housing
<b>Median Income</b>	\$32,582	\$815	668	85.86%	564	36.84%
<b>Moderate Income</b>	\$26,066	\$652	584	75.06%	374	24.43%
<b>Low Income</b>	\$16,291	\$407	104	13.37%	81	5.29%

*Source: US Census, 1990 and 2000 Census*

### 3.0. Projection of City Housing Stock

The number of housing units in North Wildwood reported by the 2000 Census was 7,411. As noted previously, the City is in the midst of a new construction boon with 1,008 building permits issued since 1996-2007. Since 2000, Certificates of Occupancy have totaled 833 in the City through December 31, 2007. Taking into account demolitions occurring over the same time frame (313 as reported by the NJDCA), the present number of dwelling units in the City can be estimated to be 7,931 as depicted in Table 6.

**Table 10: Housing Units Constructed and Demolished By Year (1996-2007)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
# COs for New Units	67	31	26	51	74	114	127	73	127	143	88	87
# Demolition Permits	9	25	7	9	5	17	37	23	62	73	45	21

*Source: NJDCA Division of Codes and Standards (1996-2007)*

As reported by the NJDCA, the average number of Certificates of Occupancy issued annually, after subtracting demolitions, over the previous 11 years (1996-2007) is 54 units. Assuming that this general level of growth will continue over the next 10 years, it can be estimated that roughly 540 new units will be added during that timeframe, resulting in an estimated dwelling unit total of 8,471 by December 31, 2018.

### 3.1. Projection of Units over Growth-Share Timeframe

Under COAH Third Round growth share' rules, one unit of City affordable housing obligation is generated for every five (5) market-rate units that are constructed between January 1, 2004, and December 31, 2018. Accordingly, this Housing Element / Fair Share Plan is required to include a forecast of market-rate units to be constructed over the next 14 years in order that a reasonable estimate of the City's growth share units can be planned for.

While COAH regulations anticipate that such a forecast will be based on the number of new housing units added in the ten years prior to January 1, 2004, annual data for North Wildwood was only readily available NJDCA beginning in 1996. Table 6 above presents an annual summary of the number of residential Certificates of Occupancy (for new housing units) and demolition permits issued in North Wildwood from 1996-2007, inclusive.

COAH has prepared estimates of the projected increase in housing for each municipality in the State as indicated in N.J.A.C. 5:97 Appendix F. COAH has predicted an increase of 113 dwelling units within the City of North Wildwood between 2004 and 2018 for a total projected number of dwelling units of 8,044 by the end of 2018.

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*The City of North Wildwood accepts COAH projections as specified in N.J.A.C. 5:97 Appendix F for purposes of this Fair Share Plan. As an attachment, COAH Workbook calculator "A" is attached for reference.*

The recent downturn of the national & state economy can only skew the following projections. Non-residential construction has almost halted due to the economic credit & financing "crunch" that has been recently experienced.

Although it is nearly fully developed, City of North Wildwood does provide a range of zoning classifications to accommodate a wide variety of both residential and non-residential development. Like many suburban municipalities settled centuries ago, the City's infrastructure is old and in some cases needs to be expanded & upgraded to accommodate incoming developments, particularly those of a large scale. It is anticipated that North Wildwood will continue to utilize the redevelopment statutes to encourage the reuse or rebuild older commercial areas and make the necessary upgrades in infrastructure as needed, as well as rehabilitation of vacant, deteriorated houses. If the real estate market improves and property values hold in North Wildwood, it is anticipated that residential development will continue, as will expansions of existing non-residential buildings. More development will undoubtedly occur near the Boardwalk, mostly in the form of multi-family rental or condominiums. It is anticipated that property owners with excess land will continue to seek approvals to subdivide and sell a portion for development because the value of in-fill and scarce vacant land is so high and in such demand in North Wildwood. Another motivating factor for subdivision is to reduce the property tax assessment by selling off land, thereby reducing the taxes paid by the homeowner.

#### 4.0. Analysis of Select Demographic Characteristics

The US Bureau of Census (Census) was used to determine the current, past, and future residential population estimate for the City of North Wildwood as well as Cape May County. The Census counts the City & Cape May County as well as the rest of the United States, population data back to 1970.

##### Growth Trends and Projections:

The 2000 Census shows the population of Cape May County to be 102,326. This represents a 7.6% increase over the 1990 Census figure of 95,089. This relatively low rate of growth is in comparison to the 15.6% increase in population between 1980 and 1990, and the 38.1% increase between 1970 and 1980.

The County projects an 8.1% increase in population between 2000 and 2010 (110,699), a 7.5% increase between 2010 and 2020 (119,019), and a 3.4 % increase between 2020 and 2025 (123,066).

The 2006 summer peak population projection total is estimated to be approximately 684,682. This estimate is based on available dwelling units.

**Table 11: Population Projections, Cape May County (2000-2020)**

Municipality	Cape May County Population											
	Actual Population				Population Projections							
	1990	2000		1990 - 2000 Percent Change	2005		2010		2015		2020	
		Actual	Percent of Total		Year Round	Summer	Year Round	Summer	Year Round	Summer	Year Round	Summer
Avalon Borough	1,809	2,143	2.1%	0.18	2,204	30,229	2,264	31,198	2,325	32,132	2,386	33,032
Cape May City	4,068	4,034	3.9%	(0.14)	4,199	35,213	4,363	36,340	4,528	37,430	4,692	38,478
Cape May Point Borough	248	241	0.2%	(0.03)	251	3,745	261	3,864	271	3,980	280	4,092
Dennis Township	5,574	6,492	6.3%	0.16	6,807	33,477	7,121	34,549	7,436	35,585	7,751	36,582
Lower Township	20,820	22,945	22.4%	0.10	23,881	88,826	24,816	91,462	25,552	94,206	26,288	96,944
Middle Township	14,771	16,405	16.0%	0.13	17,274	60,338	18,142	62,268	19,212	64,136	20,281	65,932
North Wildwood City	5,017	4,935	4.8%	(0.02)	5,086	51,173	5,237	52,810	5,389	54,395	5,540	55,918
Ocean City	15,512	15,378	15.0%	(0.01)	15,828	114,678	16,278	118,348	16,729	121,899	17,179	125,312
Sea Isle City	2,892	2,835	2.8%	(0.05)	2,951	37,002	3,066	38,186	3,182	39,332	3,297	40,433
Stone Harbor Borough	1,025	1,128	1.1%	0.10	1,174	18,106	1,220	18,886	1,266	19,246	1,312	19,785
Upper Township	10,881	12,115	11.8%	0.13	12,669	39,881	13,222	41,157	13,785	42,392	14,307	43,579
West Cape May Borough	1,028	1,085	1.1%	0.07	1,180	6,477	1,224	6,684	1,288	6,885	1,354	7,077
West Wildwood Borough	453	448	0.4%	(0.01)	467	5,170	485	5,336	503	5,496	521	5,650
Wildwood City	4,484	5,436	5.3%	0.21	5,608	62,510	5,779	64,510	5,951	66,446	6,123	68,306
Wildwood Crest Borough	3,631	3,980	3.9%	0.10	4,132	40,063	4,284	41,366	4,436	42,607	4,587	43,800
Woodbine Borough	2,678	2,716	2.7%	0.03	2,827	7,823	2,937	8,073	3,029	8,315	3,121	8,548
<b>Cape May County</b>	<b>95,089</b>	<b>102,326</b>	<b>100.0%</b>	<b>0.08</b>	<b>106,513</b>	<b>634,532</b>	<b>110,699</b>	<b>654,837</b>	<b>114,859</b>	<b>674,462</b>	<b>119,019</b>	<b>693,367</b>

Source: US Census and Cape May County Planning Department

North Wildwood had a year round population of 4,935 according to the 2000 Census. This was a decrease of 2% from 1990 (population of 5,017). While the City had a

population decrease, the number of seasonal homes has increased from 55% in 1990 to 62% in 2000.<sup>16</sup>

Another projection of summer population was performed for Hurricane Evacuation purposes by the Cape May County Planning Board in September, 2006. This information is presented below for informational purposes. A County summer population thru this task has been estimated at a total of 755,006. This information is shown below:

**Table 12: Summer Population Projections, Cape May County (2006)**

### County Summer Population Projections

Municipalities	Dwelling Units 2006	Times 5 residents per DU	Hotel/ Motel Units	At 2.5 residents per room	Camp - sites	At 3.75 campers per site	Group Quarters	Marina Slips	Times 1.5 per slip	Day - Trippers	Total
Avalon	5,360	26,800	599	1,498	-	-	100	146	292	6,000	34,690
Cape May City	4,175	20,875	3,255	8,138	-	-	4,000	200	400	12,500	45,913
Cape May Point	652	3,260	-	-	-	-	250	-	-	750	4,260
Dennis Twp.	2,459	12,295	14	35	5,400	20,250	208	110	220	3,000	36,008
Lower Twp.	14,447	72,235	268	670	2,812	10,545	400	2,205	4,410	11,000	99,260
Middle Twp.	8,562	42,810	316	790	4,140	15,525	500	431	862	8,500	68,987
North Wildwood	8,156	40,780	2,302	5,755	-	-	1,000	83	166	18,500	66,201
Ocean City	20,804	104,020	2,736	6,840	-	-	2,500	70	140	25,500	139,000
Sea Isle City	7,107	35,535	218	545	-	-	250	159	318	9,500	46,148
Stone Harbor	3,431	17,155	233	583	-	-	200	-	-	5,500	23,438
Upper twp.	5,913	29,565	70	175	2,417	9,064	8	265	530	5,000	44,342
West Cape May	1,047	5,235	14	35	240	900	20	-	-	2,400	8,590
West Wildwood	799	3,995	52	130	-	-	5	96	192	2,700	7,022
Wildwood	7,278	36,390	4,321	10,803	-	-	3,000	662	1,324	18,550	70,067
Wildwood Crest	5,444	27,220	4,463	11,158	-	-	1,000	54	108	14,500	53,986
Woodbine	1,114	5,570	-	-	538	2,018	650	-	-	1,100	9,338
<b>Totals</b>	<b>96,748</b>	<b>483,740</b>	<b>18,861</b>	<b>47,153</b>	<b>15,547</b>	<b>58,301</b>	<b>14,091</b>	<b>4,481</b>	<b>6,722</b>	<b>145,000</b>	<b>755,006</b>

Dwelling unit numbers from NJDCA construction records

Camp site numbers from 2005 County Health Department annual report

Marina counts from 2006 County Marina Study include only marinas with bath houses

Day-Trippers - annual figure (14.5 million) from Longwoods International 2005 Survey

**Not Counted** - boat slips at non-bath house marinas, boats at anchor, commercial fishing vessels, state campgrounds, etc.

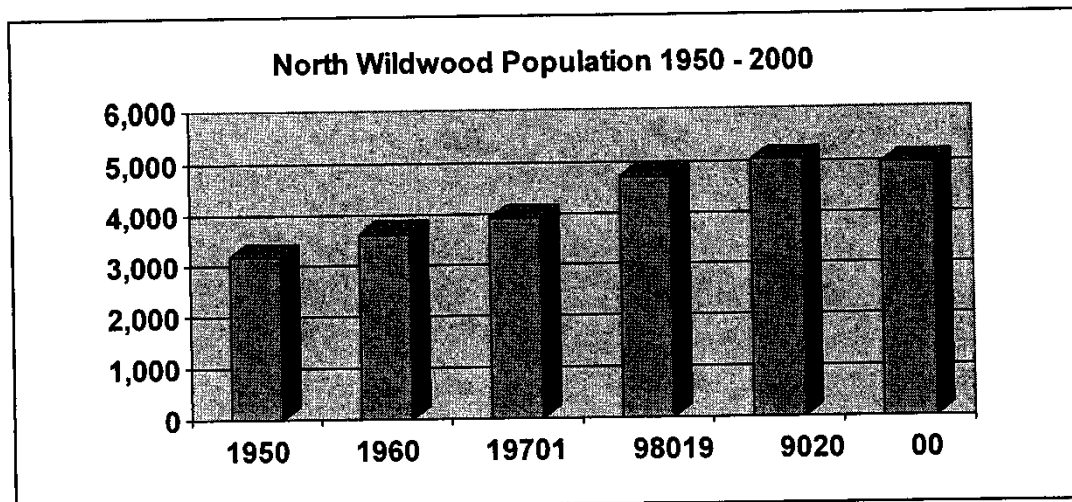
Source: Cape May County Planning Board, September, 2006

This is substantially greater than the City's year round population and is indicative of many resort communities throughout Cape May County.

<sup>16</sup> Source: US Bureau of Census 1990 and 2000

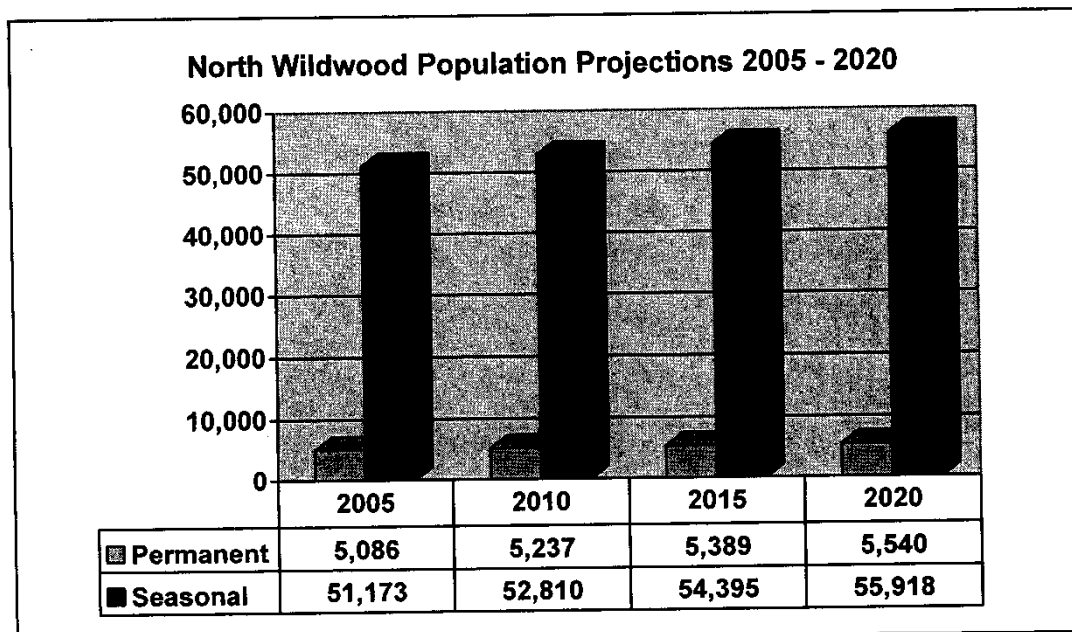


Figure 5: Year-round Population, North Wildwood (1950-2000)



Source: US Bureau of Census

Figure 6: Year-round & Summer Population Projections, North Wildwood (2005-2020)



Source: US Bureau of Census

It should be noted however, that recently released US Census population projections have noted a radical reversal in the population trends. While it is important to note these are

projections only, it is somewhat noteworthy the US Census is projecting a reversal in year-round population estimates:

**Table 13: Estimated Population Change, North Wildwood (2000-2007)**

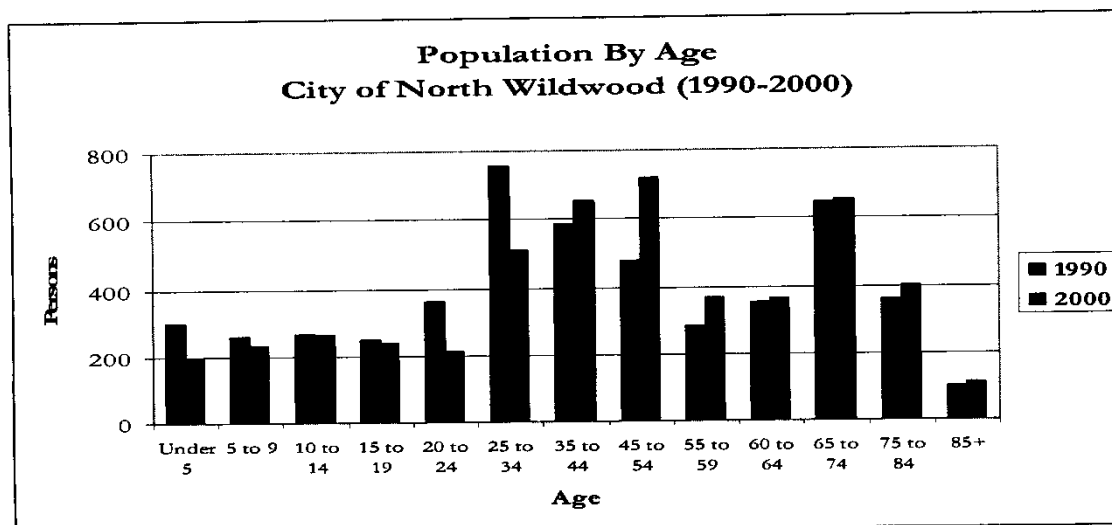
North Wildwood	POPULATION			% CHANGE	
	2000	2006	2007	1-year	7-year
	4,935	4,798	4,849	-1.1%	-1.7%

Source: US Census and AC Press newspaper

During the decade between the 1990 and 2000 Censuses, the City's population displayed practically no overall change, while the demographic composition of the area aged with the total number of persons under the age of 35 declining by 543, while the number of persons over age 35 grew by 466. This may be a sign of an aging stagnant population with not much in-migration.

As Figure 7 indicates, high numbers of residents over the age of 55 are a consistent pattern in the City. This fact underscores the importance of providing affordable housing alternatives for the significant amount of fixed-income individuals as well as consideration of the future housing needs for the current middle-aged population. During the decade between the 1990 and 2000 Censuses, the City's population composition shifted towards an increasingly younger populace, as the number of residents under age 65 increased and the number of residents over age 65 increased. While the median age for North Wildwood residents is not reported by the 1990 Census, Figure 7 indicates that it would most likely be slightly lower than that reported by the 2000 Census (35.5).

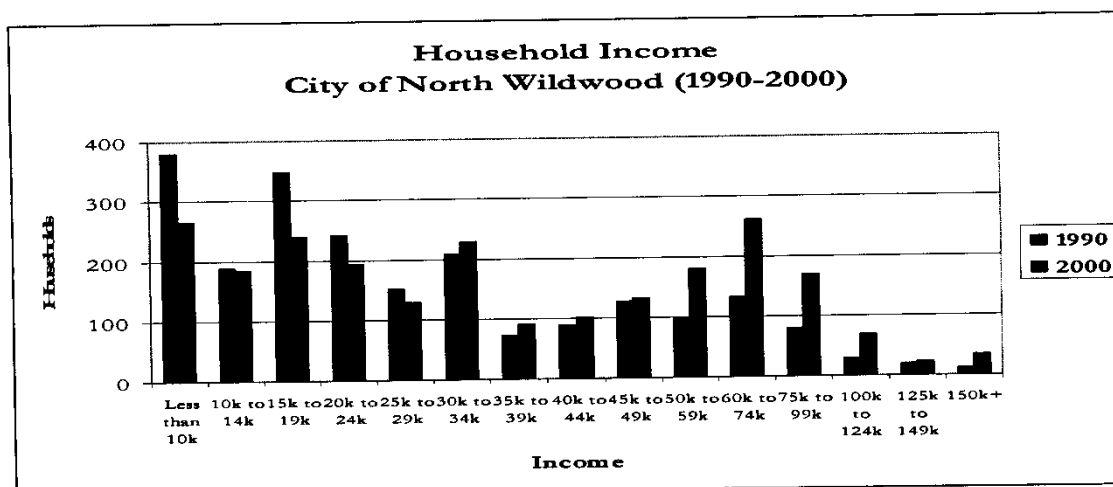
**Figure 7: Population by Age, City of North Wildwood (1990 & 2000)**



Source: US Census, 1990 and 2000 Census

Also during this time period, the City as a whole became more affluent. As noted previously, the number of persons per occupied housing unit decreased slightly during this decade, from 2.334 to 2.14. This is consistent with national trends relating to a reduction in household size. While becoming smaller on average, households in North Wildwood also tended to gain affluence. The household income increased by roughly 44% (from \$22,612 to \$32,582), and the median family income also increased by approximately 58% (from \$29,286 to \$46,250). A more detailed comparison of income levels in 1990 and 2000 is presented in the following Tables.

**Figure 8: Household Income, City of North Wildwood (1990 & 2000)**



Source: US Census, 1990 and 2000 Census

Table 8 (below) illustrates the increasing affluence of the City's population. This increasing affluence, in a market setting, will likely lead to the character of a typical new housing unit being of a more expensive or luxurious variety than much of the City's existing housing stock.

**Table 14: Income, North Wildwood & Cape May County, 1999**

Municipality	Number of households	Less than \$10,000	\$10,000 to \$14,999	\$15,000 to \$24,999	\$25,000 to \$34,999	\$35,000 to \$49,000	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 or more	Median household income
North Wildwood	2,306	265	185	434	357	327	442	169	92	17	18	\$32,582
Cape May County	42,140	3,152	2,810	6,118	5,631	7,020	7,672	4,553	3,126	915	1,143	\$41,591

Source: US Census Bureau, Census 2000

Table 15: Income and Poverty, North Wildwood, 1999

Municipality	Median income in 1999 (dollars)		Per capita income (dollars)	Median earnings in 1999 of full-time, year-round workers (dollars)		Income in 1999 below poverty level			
						Percent of population for whom poverty status is determined			Percent of families
	Households	Families		Male	Female	All ages	Related Children Under 18 years	65 yrs & over	
North Wildwood	32,582	46,250	19,656	32,986	22,064	11.7	15.1	7.5	9.9

Source: 2000 Census of Population & Housing, Summary File 3

Prepared by: New Jersey State Data Center, New Jersey Department of Labor, May, 2002.

Table 16: 1999 Poverty Status, North Wildwood &amp; Cape May County, 1999

	Individuals			Individuals 18 and over			Related Children under 18		
	Number for Whom Poverty Status is Determined	Number below Poverty Level	Percent below Poverty Level	Number for Whom Poverty Status is Determined	Number below Poverty Level	Percent below Poverty Level	Number for Whom Poverty Status is Determined	Number below Poverty Level	Percent below Poverty Level
Cape May County	99,640	8,549	8.6	77,236	5,837	7.6	22,295	2,612	11.7
North Wildwood	4,935	575	11.7	4,083	446	10.9	852	129	15.1

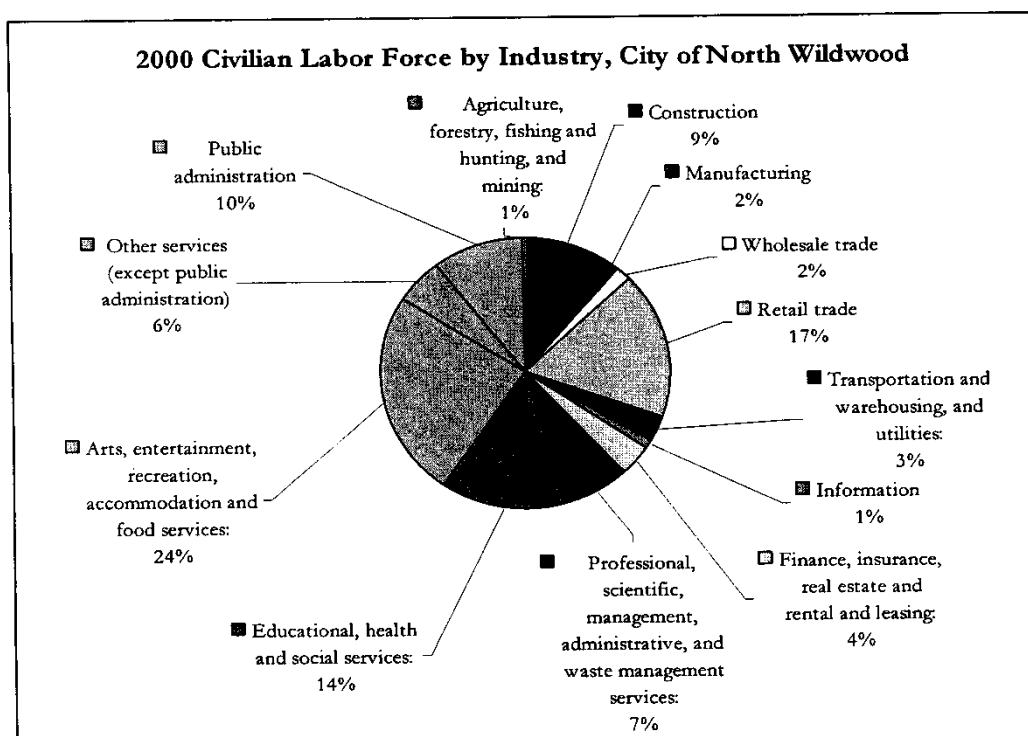
Source: 2000 Census of Population & Housing, Summary File 3

Prepared by: New Jersey State Data Center, New Jersey Department of Labor, May, 2002.

## 5.0. Analysis of Current and Future Employment

Data from the 2000 Census indicates that North Wildwood's civilian labor force (employed residents over 16 years of age) numbered 2,295. Figure 9 (below) depicts the classifications of these workers by industry. The employed residents, roughly 19% were employed within the City, while the remaining 81% commuted to other communities.

**Figure 9: Civilian Labor Force by Industry, City of North Wildwood**



Source: 2000 US Census

The 2002 Economic Census provides data pertaining to the number of jobs which are actually located within North Wildwood. This is the most recent such census for which data is available at the municipal level, but unfortunately not for every industry classification. Specifically excluded are jobs in mining, utilities, construction, transportation & warehousing, finance & insurance, management, and all tax-exempt firms. As Table 8 (below) indicates, roughly 6,897 jobs were located within the City as of 2002 in the industries for which data is provided (a precise number cannot be determined, as this Census provides only a range of employees for certain occupational classes; in such instances, the number of employees can be estimated as the mid-point of this range).

**Table 16: Employment Opportunities, City of North Wildwood 2002**

NAICS Industries	Number of Establishments	Number of Employees
Wholesale trade	3	4
Retail trade	30	140
Information	3	b
Real estate & rental & leasing	16	b
Professional, scientific, & technical services	6	a
Administrative & support & waste management & remediation service	4	a
Health care & social assistance	6	b
Arts, entertainment, & recreation	16	47
Accommodation & food services	121	188
Other services (except public administration)	22	47

a. 1-19 employees

b: 20 - 99 employees

Source: 2002 Economic US Census

In November 2007, North Wildwood commissioned Triad Associates to conduct a "North Wildwood Business Inventory." This is the most recent such census for which data is available at the municipal level, but unfortunately not for every industry classification. The study revealed that North Wildwood have a total of 131 businesses. A breakout of NAICS Industries classifications for the City is shown below:

**Table 16: Employment Opportunities, City of North Wildwood, 2007**

NAICS Industries	Number of Establishments
Electronics & Appliance Store	1
Bldg. Materials, Garden Equip & Supply Stores	2
Bldg. Materials & Supply Dealers	2
Food & Beverage Stores	11
Grocery Stores	3
Specialty Food Stores	5
Beer, Wine & liquor Store	3
Gasoline Stations	2
Clothing & Clothing Accessories Stores	4

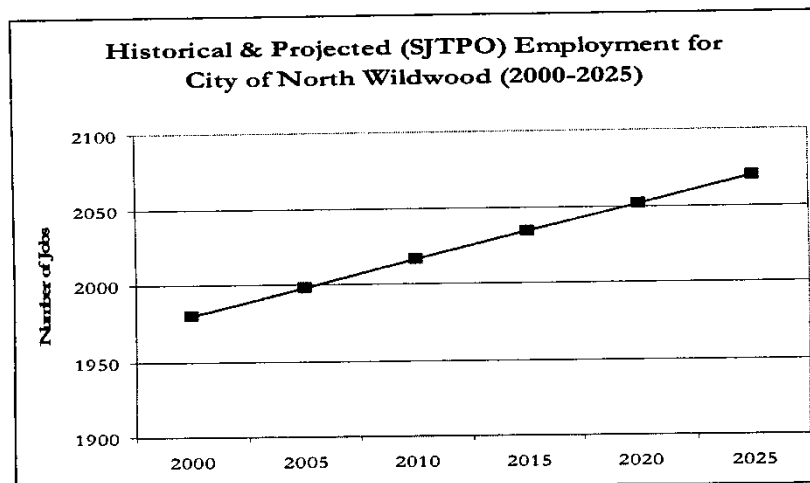
NAICS Industries	Number of Establishments
Sporting Goods, Hobby, Book & Music Stores	4
General Merchandise Stores	2
Miscellaneous Store Retailers	13
Food Services & Drinking Places	52

Source: *North Wildwood Business Inventory*, Triad Assocs.

The New Jersey Department of Labor (NJDOL) estimates that there were 48,482 jobs in Cape May County as of 2000. The NJDOL projected number of jobs in Cape May County in 2005 is 51,000, 2010 - 53,400, 2015 - 54,700, and 2020 - 55,700. North Wildwood's employment base was projected at 1,980 jobs during 2000. Available jobs are forecasted to increase by 5% to 2,070 by 2025<sup>17</sup>. Unemployment rates as documented by NJDOL are 10.9%, 11.7%, 11.7% and 11.0% for Years 2000, 2004, 2006 and 2007 respectively.<sup>18</sup>

The South Jersey Transportation Planning Organization (SJTPO), in its 2003 Demographic Forecast, projects minimal but steady job growth in North Wildwood over the next twenty years with only 90 jobs created over that time, or an increase of 4.5%. These projections, which were published in 2003 before any significant analysis of the impact of the convention center were feasible, may not accurately project future employment patterns in the City. The agency's projections are presented below in Figure 10.

**Figure 10: SJTPO Employment Projection, City of North Wildwood, 2000-2025**



<sup>17</sup> Source: SJTPO Regional Transportation Plan, 2004 Update

<sup>18</sup> NJDOL 2004 Municipal Unemployment Rates by NJOSP

In November 2007, North Wildwood commissioned Triad Associates to conduct a "North Wildwood Business Inventory." The study revealed that North Wildwood have a total of 131 businesses. Approximately 64 or 48% of these businesses are seasonal and 68 or 52% are year-round (not including parking lots, vacant businesses, vacant lot condominiums, apartments, and other properties).

**Table 17: Year-round & Seasonal Business, City of North Wildwood, 2007**

<b>Business Classification</b>	<b>Seasonal</b>	<b>Year Round</b>
<b>Restaurant/Food Service</b>	23	12
<b>Real estate &amp; rental &amp; leasing</b>	0	11
<b>Retail trade</b>	5	8
<b>Miscellaneous Goods/Services</b>	4	26
<b>Developer/Construction Firms</b>	0	2
<b>Hotels/Motels</b>	31	3
<b>Banks/Financial Institutions</b>	0	4
<b>Medical Offices</b>	0	2

*Source: North Wildwood Business Inventory, Triad Assocs.*

In order to foster a year-round economy, the City needs to focus on those businesses that can draw from the mainland, including the customer base in Rio Grande and its environs and take advantage of the UEZ benefits. Attracting large dollar sale consumer good purchases business that will realize the UEZ tax-savings is paramount. These types of businesses can also bring new shopping patterns to the City and generate the volume of shopper traffic to sustain other, smaller specialty stores. The County is also an active participant in the South Jersey Economic Development District, which serves Atlantic, Cape May, Cumberland, and Salem counties and has provided significant economic benefits to the region over the past twenty years.

As a resort community the majority of the employment opportunities which exist in North Wildwood revolve around seasonal tourist activities. This employment pattern is expected to continue and most likely will strengthen. North Wildwood is actively involved in economic development initiatives and is a member of the Greater Wildwoods Tourism Improvement and Development Authority (GWTIDA). In 2002, the Wildwoods Convention Center (owned and operated by GWITDA) opened and generated approximately 30 new full time jobs and 100 new part time jobs in the North Wildwood.

### **5.1. Projection of Employment over Growth-Share Timeframe**

Under COAH Third Round "growth share" rules, one unit in City affordable housing obligation is generated for every sixteen (16) jobs generated by nonresidential



construction occurring between January 1, 2004, and January 1, 2018. COAH has prepared estimates of the projected increase in employment for each municipality in the State as indicated in N.J.A.C. 5:97 Appendix F. COAH has predicted a decrease in the number of jobs of -272 jobs within the City between 2004 and 2018 for a total projected number of jobs of 7,265 by the end of 2018.

Accordingly, this Housing Element / Fair Share Plan is required to include a forecast of jobs to be generated over the next ten years (as related to gross floor area) in order that a reasonable estimate of the City's growth share units can be planned for. While COAH regulations anticipate that such a forecast will be based on nonresidential construction occurring in the ten years prior to January 1, 2004, annual data for North Wildwood was only readily available (from the NJDCA) beginning in 1996. Table 8 below present an annual summary of nonresidential construction (in square footage and by use group) occurring in North Wildwood from 1997-2004, inclusive, for the use groups which experienced construction over that timeframe. Table 8 also provides the annual average in square feet of nonresidential construction and expansion over the 12 years between 1996 and 2007.

**Table 18: Nonresidential Floor Area (by sq. ft) By Year & Use-Group (1996-2005)**

	Office	Retail	Multi-Family Dormitories	A-2 Assembly Uses	A-3 Assembly uses	Hotel/ Motel	Education	Industrial
1996	1,066	0	2	0	0	34,948	0	0
1997	846	0	16,555	0	2,969	0	0	0
1998	600	0	0	0	0	0	0	0
1999	513	0	8,374	1,140	189	1,368	9,357	6,900
2000	0	0	5,178	0	0	636	0	628
2001	0	0	11,825	0	0	5,868	4,740	0
2002	3,000	0	45,702	0	48	673	0	0
2003	0	0	7,454	0	0	0	0	0
2004	230	639	5,141	0	0	0	0	0
2005	0	0	12,864	0	0	0	0	0
2006	0	0	11,214	0	2,390	0	0	0
2007	0	0	22,901	0	0	0	0	0
<b>Total</b>	<b>6,255</b>	<b>639</b>	<b>152,219</b>	<b>1,140</b>	<b>5,598</b>	<b>43,493</b>	<b>14,097</b>	<b>6,900</b>
<b>Average</b>	<b>521.25</b>	<b>53.25</b>	<b>12,684.92</b>	<b>95</b>	<b>466.50</b>	<b>3,624.42</b>	<b>1,174.75</b>	<b>575.00</b>

*Source: NJDCA Division of Codes and Standards (1996-2007)*

COAH has established the following formula to calculate the number of jobs created for each square foot of nonresidential construction for each use group.<sup>19</sup> As applied to the aforementioned Use Groups in North Wildwood:

<sup>19</sup> Appendix 'D' of COAH's Third Round Rules.

**Table 19: COAH Nonresidential Use-Groups**

USE GROUP	DESCRIPTION	S.F. GENERATING 1 AFFORDABLE UNIT	JOBS PER 1,000 S.F.
B	Office buildings.	5,714	2.8
M	Mercantile uses (Retail)	9,412	1.7
U	Miscellaneous Uses	Exclude	Exclude
H	High Hazard	10,000	1.6
A1	Assembly uses	10,000	1.6
A2	Assembly uses	5,000	3.2
A3	Assembly uses.	10,000	1.6
A4	Assembly uses.	4,706	3.4
A5	Assembly uses.	6,154	2.6
R1	Hotels and motels	9,412	1.7
E	Schools K – 12	Exclude	Exclude
	Institutions of Higher Education	Exclude	Exclude
F	Factories (industrial)	13,333	1.2
S	Storage uses	10,667	1.0
I	Institutional uses.	6,154	2.6

Table 20 below set forth a projection based on non-residential growth. By multiplying this average by 14 results in a simple estimate (based on the use groups involved in prior-year construction) of the amount and type of construction that can be expected to occur between 2004 and December 31, 2018. This 14-year estimate is presented in Table 9 below. The square footage (by use group) estimated to be associated with 16 jobs, and therefore generating one growth share unit of affordable housing obligation, is set forth under Appendix 'E' of the COAH Third-Round substantive rules. Table 9 below also includes each of these figures, and includes a calculation of the unit obligation generated by use group over the 14-year period.

**Table 20: Projected Nonresidential Floor Area (in sq. ft.) to be added By Use Group (2004-2018) and Associated Growth Share Obligation**

	Office	Retail	A-2 Assembly Uses	A-3 Assembly uses	Hotel /Motel	Education	Industrial	TOTAL
<b>2004 Figures</b>	230	639	0	0	0	0	0	<b>6,010</b>
<b>2005 Figures</b>	0	0	0	0	0	0	0	<b>12,864</b>
<b>2006 Figures</b>	0	0	0	2,390	0	0	0	<b>13,604</b>
<b>2007 Figures</b>	0	0	0	0	0	0	0	<b>22,901</b>
<b>2004-2018 Projected</b>	13,605	1,225	1,046	7,522	39,289	12,922	6,908	<b>279,180</b>
<b>Sq ft. Per Affordable Unit</b>	5,714	9,412	5,000	10,000	9,412	Exclude	6,154	<b>N/A</b>
<b>Units Generated</b>	2.38	0.13	0.21	0.75	4.17	0	1.12	<b>8.76 or 9</b>

Source: NJDCA Division of Codes & Standards (2004-2005) & COAH "Third-Round Substantive Rules" Appendix 'E'

To summarize, nine (9) units in obligation are projected to be generated for the time period of 2004 through December 31, 2018 according to Table 9 above. Data for nonresidential demolitions (in terms of square footage) was not readily available. In order to account for the negative effect demolitions can be anticipated to have on the City's growth share obligation this Fair Share Plan assumes that the 9 units of projected obligation may be conservatively reduced by one (1) unit, resulting in a net projected obligation of 8 units.

*The City of North Wildwood accepts COAH projections as specified in N.J.A.C. 5:97 Appendix F for purposes of this Fair Share Plan. As an attachment, COAH Workbook calculator "A" is attached for reference.*

The recent downturn of the national & state economy can only skew the following projections. Non-residential construction has almost halted due to the economic credit & financing "crunch" that has been recently experienced.

Although it is nearly fully developed, City of North Wildwood does provide a range of zoning classifications to accommodate a wide variety of both residential and non-residential development. Like many suburban municipalities settled centuries ago, the City's infrastructure is old and in some cases needs to be expanded & upgraded to accommodate incoming developments, particularly those of a large scale. It is anticipated that North Wildwood will continue to utilize the redevelopment statutes to encourage the reuse or rebuild older commercial areas and make the necessary upgrades

in infrastructure as needed, as well as rehabilitation of vacant, deteriorated houses. If the real estate market improves and property values hold in North Wildwood, it is anticipated that residential development will continue, as will expansions of existing non-residential buildings. More development will undoubtedly occur near the Boardwalk, mostly in the form of multi-family rental or condominiums. It is anticipated that property owners with excess land will continue to seek approvals to subdivide and sell a portion for development because the value of in-fill and scarce vacant land is so high and in such demand in North Wildwood. Another motivating factor for subdivision is to reduce the property tax assessment by selling off land, thereby reducing the taxes paid by the homeowner.

## 6.0. Plan for Achievement of Fair Share

In 1975, in the case of Southern Burlington County NAACP v. Twp. of Mt. Laurel (Mt. Laurel I), the New Jersey Supreme Court ruled that developing municipalities have a constitutional obligation to provide for the construction of low & moderate income housing. The court's 1983 Mt. Laurel II decision expanded the obligation in ruling that all municipalities share in this constitutional obligation to provide a realistic means for addressing a fair share of the regional present and prospective need for housing affordable to low and moderate-income families. As such, through a municipality's zoning and land use regulations, it is to be realistically possible, through provision of a variety of housing choices, for all categories of people within Housing Region 6 (including Atlantic, Cape May, Cumberland, and Salem Counties) to live – if they so choose – in the City of North Wildwood. This fair share plan was developed to promote options that will support the City of North Wildwood affordable housing, preserve the existing housing stock, and produce affordable units.

With the recent implementation of COAH's Third Round Methodology, COAH has adopted a growth methodology in determining a municipality's obligation to meet affordable housing. Municipalities are assigned an affordable housing obligation based on a percentage of future residential and non-residential growth. Growth is measured from January 1, 2004 through December 31, 2018 and is based on Certificates of Occupancy issued for residential and non-residential development. The following depict ratios in determining housing requirements:

COAH regulations stipulate:

- COAH creditable units must be priced for and occupied only by low- and moderate-income households.
- All COAH creditable units are required to have deed restrictions to maintain price and occupancy standards, most for at least 30 years.
- All COAH creditable units must have had the marketing and advertisements available throughout the Housing Region.

Revised Third Round regulations adopted October 20, 2008, the municipal Fair Share Obligation consist of the sum of the following:

1. Rehabilitation Share (2000)
2. Prior Round Obligation (1987 – 1999)
3. Growth Share (2004 – 2018)

Growth Share Calculations (2004 – 2018) consist of the following:

***It must be emphasized that COAH regulations require actual economic building growth, based on certificates of occupancy issued for residential and nonresidential development, be measured from January 1, 2004 to December 31, 2018. Per COAH***

regulations, the assigned Municipal Housing Liaison (municipal employee or an contracted professional) must, in accordance with NJAC 5:96-11.2, "the municipal housing liaison shall provide information regarding the municipality's actual growth pursuant to NJAC 5:97-2.5, which shall be certified by the mayor. Pursuant to NJAC 5:97-2.5 provides:

- 5:97-2.5(d) - At such time and in such form as the Council requires, the municipality shall provide a comparison of its actual pro-rated growth share obligation and the actual number of affordable units that have been constructed or provided since January 1, 2004. At plan evaluation (every two (2) years) review pursuant to N.J.A.C. 5:96-10, the Council shall compare the actual growth share obligation with the actual number of affordable units constructed or provided for the purposes of enforcing remedies described in N.J.A.C. 5:96-10.4.(e).
- 5:97-2.5(e) - If the actual growth share obligation determined in (c) above is less than the growth share obligation projected pursuant to N.J.A.C. 5:97-2.4, the municipality shall continue to provide a realistic opportunity for affordable housing to address the projected growth share, through inclusionary zoning or any of the mechanisms permitted by N.J.A.C. 5:97-6.

**Affordable housing production must keep pace with actual growth.**

Growth share ratios:

- **Residential:** For every five market rate houses units built in a municipality, one affordable unit must be provided.
- **Non-Residential:** For every 16 jobs created, one affordable unit must be provided. Job growth is measured by square feet of non-residential construction.
- Job growth is measured by square feet of non-residential construction.
  - 5,714 square feet of Office space (Use Code "B") generates a one unit affordable housing obligation.
  - 9,412 square feet of Retail (Use Code "M")space generates a one unit affordable housing obligation.
  - 10,000 square feet of Assembly {theaters, concert halls, TV studios, etc} (Use Code "A1") space generates a one unit affordable housing obligation.
  - 5,000 square feet of Assembly {casinos, night clubs, restaurant, taverns, etc.} (Use Code "A2") space generates a one unit affordable housing obligation.

- 10,000 square feet of Assembly {libraries, lecture halls, arcades, galleries, bowling allies, funeral parlors, gyms, museums, etc} (Use Code "A3") space generates a one unit affordable housing obligation.
- 4,706 square feet of Assembly {arenas, skating rinks, pools, etc} (Use Code "A4") space generates a one unit affordable housing obligation.
- 6,154 square feet of Assembly {bleachers, grandstands, amusement park structures, stadiums, etc} (Use Code "A5") space generates a one unit affordable housing obligation.
- 9,412 square feet of Hotel/Motel (Use Code R-1 & R-2 {aka Apartments}) space generates a one unit affordable housing obligation.
- 10,667 square feet of Storage (Use Code "S") space generates a one unit affordable housing obligation.
- 6,154 square feet of Industrial (Use Code "I") space generates a one unit affordable housing obligation.
- 13,333 square feet of Industrial (factories) (Use Code "F") space generates a one unit affordable housing obligation.
- 10,000 square feet of High Hazard (Use Code "H") space generates a one unit affordable housing obligation.
- All Schools (Use Code "E"), Miscellaneous Uses (Use Code "U") and Institutions of Higher Education do not generate an affordable housing obligation.

COAH's Round Three Rules: The adopted Round Three rules, effective October 20, 2008 with amendments through, and covering the period January 1, 2004 through December 31, 2008, mandates that each municipality's Fair Share obligation consist of a rehabilitation component, a prior round obligation component, and a growth share component. As promulgated by the Council, City of North Wildwood's obligation is as follows:

- 16 rehabilitation units;
- 80 prior obligation units;
- 23 growth share units;
  - 23 – Residential Component
  - -17 (aka 0) – Non-Residential Component
- 119 total obligation

***The North Wildwood Housing Element & Fair Share Plan relies on the Household & Employment projections per NJAC 5:97-2.2(d) for the municipality as provided in NJAC 5:97-1, Appendix F of the COAH rules.***

Vacant Land Adjustments:

Municipalities with little vacant, developable land may request an adjustment

Map existing vacant land

Exclude unsuitable parcels, including those:

Environmentally Constrained  
 Preserved Farmlands/ Open Space  
 Historic or Architecturally Significant Sites  
 Active and Passive Recreation Areas  
 Assign presumptive density to developable land with a 20% set-aside.

#### Fair Share Plan COAH Requirements

1. At least 50% of the units addressing the fair share obligation shall be affordable to low income households (N.J.A.C. 5:97-3.3(a).  
 Therefore:  $0.50(119) = 60$  units must be affordable to low income households.
2. At least 50% of the growth share obligation of rental housing must be family housing (N.J.A.C. 5:97-3.4(b).  
 Therefore:  $0.50(23) = 12$  units must be family rental units.
3. At least 50% of the growth share obligation must be family units (N.J.A.C. 5:97-3.9).  
 Therefore:  $0.50(23) = 12$  units must be family units.
4. No more than 10 or an amount equal to 10% of the fair share obligation, whichever is greater, may be addressed through accessory apartments.  
 Therefore:  $0.10(119) = 10$  units may be accessory apartments.
5. At least 13% of the fair share obligation shall be made available to very low income households (N.J.S.A. 52:27D-329.1)  
 Therefore:  $0.13(119) = 15$  units need to be reserved for very low income households.
6. No more than one type of bonus may be received for an affordable unit. (N.J.A.C. 5:97-3.20(a)).
7. The total number of bonuses for the growth share obligation can not exceed 25% of the growth share obligation (N.J.A.C. 5:97-3.20(b)).  
 Therefore:  $0.25(23) = 6$  maximum number of bonuses for the growth share obligation.

#### **6.2 Prior Round Obligation**

This component is provided by COAH for each municipality. It represents the cumulative 1987- 1999 fair share obligation.

**City of North Wildwood Prior Round Obligation = 80 housing units**



North Wildwood was issued a Vacant Land Adjustment under the COAH 2<sup>nd</sup> Round substantive certification. As part of the “realistic development potential” was modified based on three (3) vacant parcels to be credited to seven (7) units.

The Marina Bay Development is a 142-unit age restricted development, affordable to low & moderate income seniors. The affordability controls are in place for at least 30 years and in conformance with COAH/NJHMFA “Uniform Housing Affordability Controls (UHAC). The Certificate of Occupancy was issued on April 1, 2000. By using 73 credits of the total eligible credits (69 credits as surplus), North Wildwood achieves the Prior Round Obligation.

The Marina Bay Development complies with the requirement of 60 units for low income households and 15 units of very low income households.

## **6.2 Third Round Growth Share**

As usual, for any set of complex rules, the devil is in the details. Of the nine mechanisms set forth in NJAC 5:96-1 and NJAC 5:97-1 et. seq. for addressing a growth share obligation, only one COAH-approved mechanisms is truly driven by market forces on a community-wide basis – that is the mechanism “zoning for inclusionary development (NJAC 5:97-6.4) and the rest of the mechanisms require various levels of municipal government involvement and intervention. However, municipalities implementing inclusionary zoning mechanism will be faced with a “perpetual moving COAH target number” that creates the dilemma of trying to catch up in providing affordable housing that is caused by the gaps that the adopted Third Round inclusionary zoning mechanism creates and the burden of struggling to find funds to pay for catching up.

An argument could be made to include redevelopment (NJAC 5:97-6.6) as a market driven initiative because its process typically involves a private sector participant that endeavors to harness market forces to make redevelopment work. I exclude redevelopment from the category of being truly “market-driven” because redevelopment typically requires governmental intervention to make redevelopment work and is typically more narrowly focused on a specific geographic location within the municipality that exhibits conditions “in need of redevelopment” as provided in NJSA 40A:12A-1 et. seq.

Many of the mechanisms for addressing a growth share affordable housing obligation, i.e. ECHO units (NJAC 5:97-6.3), accessory apartment program (NJAC 5:97-6.8), assisted living residence (NJAC 5:97-6.11), have some level of restriction imposed by the new rules that prohibits the remaining mechanisms, i.e. redevelopment, municipally sponsored and 100% affordable developments (NJAC 5:97-6.7), market to affordable (NJAC 5:97-6.9), extension of expiring controls (NJAC 5:97-6.14) and supportive and special needs housing (NJAC 5:97-6.10) require the expenditure of a substantial amount of time and

effort and as well as municipal financial backing that typically results in addressing only a portion of a municipality's affordable housing obligation. Given these facts, zoning for inclusionary development is the most practical in most situations for municipalities because it can be implemented on a community-wide basis and requires little upfront municipal effort and costs for implementation. The way in which the new rules are written have the impact of forcing many municipalities to become "developers of affordable housing," which is something that the majority of municipalities lack in expertise and the capacity to raise funding.

The adopted COAH rules require municipalities to attain new competencies in developing land for affordable housing that they, in general, do not possess today, or may never truly develop. The proposed rules have an inherent presumption that there is an ample supply of legitimate affordable housing developers who can satisfy the heightened demand that municipalities will have in order to satisfy their growth share obligations. The adopted COAH rules for growth share will force municipalities into untenable positions that require them to partner with developers and take on additional financial burdens to guarantee the construction of affordable housing. I can think of several "mistakes" of building affordable housing in isolated locations and coastal communities that force the residents of these affordable developments to be shackled to the automobile for driving to jobs and stores because public transportation, employer, and good & services are miles away.

COAH regulations also distinguish between a municipality's "projected growth obligation" and its "actual growth share obligation." A municipality's **projected growth share** obligation represents COAH's prediction, based upon certain demographic information, as to the anticipated growth in the 15 year period and the obligation extrapolated through the ratios set forth above. A municipality's **actual growth share** obligation represents the obligation extrapolated from how much a municipality actually grows in this 15 year period. A municipality must plan to address its projected growth share obligation unless it can demonstrate entitlement to an adjustment through a detailed process involving an analysis of available vacant developable land.

As stated in Sections 6.0 this H/E & FSP, the total estimated growth share obligation to be generated over the January 1, 2004 to December 31, 2018, timeframe is 23.

The recently-adopted COAH substantive rules (5:97-1) require an examination of municipal planning considerations in terms of municipal capacity to absorb the projected residential and nonresidential growth which lead to the estimated growth share obligations. The intention of the State Plan designation of PA5B is to accommodate growth in Centers in an effort to revitalize cities and towns while at the same time protect the existing character of barrier island communities.

The City of North Wildwood is part of the Wildwood Regional Center, and was designated as a Regional Center on April 22, 1998 under the SDRP. The State Planning designations for Wildwood are PA5B (Environmentally Sensitive/Barrier Island) and Parks and Natural Areas. In support of the goal of the SDRP, the City of North Wildwood, along with its surrounding municipalities (West Wildwood Borough, North Wildwood City, and Wildwood City) is part of the "The Wildwoods", which is designated as a regional center as a "whole entity" by the state. A Sewer Service Area is located throughout the City, reflecting the existing developed areas. There is one Planning Area change for the City, the inclusion of a large part of the City's beaches in the Parks and Natural Areas designation.

The SDRP designates growth and non-growth areas through Planning Area classifications. Each municipality includes Planning Area designations that are designed to be consistent with existing growth patterns and environmental resources. There are, however, some exceptions in Cape May County. The State has applied these Planning Areas in a manner reflective of growth being concentrated in a core and the intensity of the growth reducing as you move further from the core. Although this may be true in certain parts of the State, no County or Municipality is the same. In Cape May County, a peninsula at the southern tip of the State, development began in the Barrier Islands and along the mainland core of U.S. Route 9. The State Plan does not recognize this growth pattern, primarily because of its "adjacency rule" wherein the higher intensity Planning Areas 1 and 2 must be located adjacent to an existing Planning Area 1 or 2. In Cape May County, the Planning Area designations are not necessarily reflective of historical growth trends and patterns. To remedy this discrepancy, the State has offered the Plan Endorsement process (previously Centers Designation) wherein each municipality will have the opportunity to designate growth areas.

Cape May County, as well as the individual municipalities, realizes that it is unique, as are all of the State's Counties. The State recognized the unique features of the Barrier Islands during the last round of Cross-Acceptance and created the PA5B designation. This designation more appropriately addresses the environmental and built features of barrier islands and begins to recognize the continued development and challenges faced by these communities. However, as a subcategory of PA5, Environmentally Sensitive, the barrier islands are not given the appropriate recognition across all levels of State agencies, especially the NJDEP and now, COAH.

Historically, Cape May County as well as the individual municipalities, is a resort area. For years the County has been a summer vacation destination area and more recently has become the target area for secondary homes. The County is the subject of significant seasonal population fluctuations, ranging from a ratio of 3:1 in the mainland communities to over 15:1 in the resort communities. This alone has serious planning implications relating to infrastructure improvements, housing and funding to name a few.

As part of the third round of Cross-Acceptance, the County and its Municipalities reviewed the existing and preliminary SDRP. Because many of the municipalities have common characteristics, the issues raised are generally constant throughout this report, specifically issues relating to equity, affordable housing, Plan Endorsement, CAFRA Centers and the “Adjacency Rule”. While these items are not the only issues raised, they are the most frequent. A commonality throughout this report is how the State’s policies are not always reflective of the County’s reality.<sup>20</sup>

A review of COAH provided mapping is presented in the Exhibits section of this document. The following explanations of the mapping as provided are as follows:

#### **State Plan Mapping**

An explanation of the State Plan Map Key Legend is necessary:

- UC- Urban Center
- DR – Designated Regional Center
- PR – Proposed Regional Center
- DT – Designated Town
- PT - Proposed Town
- DV – Designated Village
- PV – Proposed Village
- DH – Designated Hamlet
- PH – Proposed Hamlet

Mapping provided by COAH identifies North Wildwood as a “DR.” The City of North Wildwood has been identified as being located in the “Wildwoods” Regional Center in the current State Plan.

#### **State Plan-3 Mapping**

The **NJ State Plan 3** is the most recent version of the State Plan Policy Map. It contains the legislative boundaries of the Pinelands and Meadowlands, which were subtracted from the Land Use/Land Cover base layer and addressed separately. It was also be used in the analysis and the application of buildout densities appropriate to different types of land use across the state.

Mapping provided by COAH identifies North Wildwood as a recognized State Plan unique feature of a coastal Barrier Island. The State Plan Commission designated the Barrier Island category of PA5B designation, “Environmentally Sensitive,” Barrier Island. The mapping also identifies parks identified under the Green Acres program. While the existence of local data for parkland exists and will be address under North Wildwood’s next Master Plan examination, the mapping is correct for this COAH

<sup>20</sup> Cape May County State Plan Cross-Acceptance Report, 2/2005

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plan preparation. The City of North Wildwood has been identified as being located in the "Wildwoods" Regional Center in the current State Plan.

#### **Open Space Mapping**

The **Open Space File** contains the most current data on public open space, parks, etc. These areas were subtracted from the Land Use/Land Cover base layer.

Mapping provided by COAH identifies North Wildwood's open space. While the existence of local data for parkland exists and will be addressed under North Wildwood's next Master Plan (in process) examination, however, the mapping is correct for this COAH plan preparation.

#### **Private Open Space Mapping**

The **Private Open Space** data set shows areas classified as privately owned open space, which were also subtracted from the Land Use/Land Cover base layer.

Mapping provided by COAH does not identify any private open space for the City of North Wildwood.

#### **NJ Farmland Preservation Program Mapping**

The **New Jersey Farmland Preservation Program** data was used to identify farmland that is currently protected by the program, and therefore is not available for development. These areas were subtracted from the Land Use/Land Cover base layer.

Mapping provided by COAH does not identify any lands for preservation of farmland for the City of North Wildwood.

#### **National Heritage Priority Sites Mapping**

The **National Heritage Priority Sites** file outlines the NJDEP-defined areas where protection is given to rare natural communities.

Mapping provided by COAH does not identify any National Heritage Priority Sites for the City of North Wildwood. The **Hereford Inlet Lighthouse** is a working lighthouse as well as a museum. It is open to the public for guided and self guided tours. The Hereford Lighthouse is listed on both the National and State Registers of Historic Places. It is also part of the New Jersey Coastal Heritage Trail. It is operated and maintained by the Hereford Lighthouse Commission with money generated by Lighthouse tours, the gift shop and various fund raising projects. The Hereford Inlet Lighthouse is identified on the Zoning Map as the HLH District and contains the Lighthouse properties.

#### **North Wildwood Pre-Existing Zoning Mapping**

## **North Wildwood Generalized Land Use Mapping**

### **North Wildwood Land Use Plan Mapping**

#### **NJDEP Land Cover Mapping**

The NJDEP's **Land Use/Land Cover** data was the main base layer from which areas deemed not to be available for future development were removed. These include the Land Use/Land coverage's categories Developed Land, Undeveloped-Unavailable Land, and Undeveloped Wetlands listed in Appendix A of the COAH regulations under Consultant Reports.

Mapping provided by COAH does identify the City of North Wildwood as an urban municipality. The mapping also incorrectly identifies "Forest" lands in certain sections of the municipality, but these "mapping corrections" will be addressed under North Wildwood's next Master Plan (in process) examination, however, the mapping is correct for this COAH plan preparation. "Barren" lands identified on the mapping is actually a "beachfront" undevelopable land north of Central Avenue, subject to Atlantic Ocean tidal water run-up and NJDEP land use restrictions. Barren lands identified in the northwestern segment of the community are not correct and will be addressed under North Wildwood's next Master Plan examination. "Wetlands" identified in the community is not correct and will be addressed under North Wildwood's next Master Plan examination, however, the mapping is correct for this COAH plan preparation.

#### **NJDEP Land Cover Mapping – 1700 Other Urban Factors**

This update identifies areas such as roads and other high percent impervious surface areas within the 1700 Other Urban classifications, which were reclassified as already developed land.

This mapping is devoid of any features regarding the download from the COAH depository, thus leading to the presumption **that the City of North Wildwood is completely developed.**

#### **Avg. Residential Density Distribution Mapping**

In an email dated November 7, 2008, from Henry Mayer, Rutgers University, consultant to COAH, Mr. Mayer indicated that the Avg. Residential Density Distribution Mapping shows no feature which is indicative that the City was fully built-out.

This mapping is devoid of any features regarding the download from the COAH depository, thus leading to the presumption **that the City of North Wildwood is completely developed.**

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### **Vacant Unconstrained Developable Land Mapping**

In an email dated November 7, 2008, from Henry Mayer, Rutgers University, consultant to COAH, Mr. Mayer indicated that there is no undeveloped and unconstrained (vacant) land in North Wildwood as shows any features, which is indicative that the City was fully built-out.

This mapping is devoid of any features regarding the download from the COAH depository, thus leading to the presumption **that the City of North Wildwood is completely developed.**

### **Vacant Land Septics Areas Mapping**

The NJDEP **Septic Density Limits** file contains the information for residential densities calculated by NJDEP's Nitrate Dilution Model by HUC14 basis.

North Wildwood is serviced by pubic sewers from the Cape May County Municipal Utilities Authority (CMCMUA). Approximately 99 percent of the City of North Wildwood is currently served by public sewers. Mapping for septic systems is not required nor is it applicable.

This mapping is devoid of any features regarding the download from the COAH depository, thus leading to the presumption that the City of North Wildwood is completely serviced by public sewers.

### **Vacant Land Removed from Sewer Service & Septics Areas Mapping**

This mapping is devoid of any features regarding the download from the COAH depository, thus leading to the presumption that the City of North Wildwood is completely serviced by public sewers. No vacant land is identified thus leading to the presumption **that the City of North Wildwood is completely developed.**

### **NJDEP Septic Density Limits Mapping**

North Wildwood is serviced by pubic sewers from the Cape May County Municipal Utilities Authority (CMCMUA). Approximately 99 percent of the City of North Wildwood is currently served by public sewers. Mapping for septic systems is not required nor is it applicable.

Mapping for septic systems is not required nor is it applicable.

### **FEMA Special Flood Hazard Areas Mapping**

**FEMA Special Flood Hazard Area** files contain information for FEMA Floodways.

Mapping provided by COAH does identify the City of North Wildwood as an FEMA

Special Flood Hazard community. The entire City has been identified. In fact, FEMA designated the City with "AE (base flood elevations of 10 & 11 feet) and VE (base flood elevation of 14 feet) on the Flood Insurance Rate Map (FIRM) Community Panel Number 345308-0001-E, revised July 20, 1998. In fact, the City requires the lowest floor elevation for residential construction to be one (1) foot above the base flood elevation in the Land Development Ordinance.

#### **Wetlands Buffers Mapping**

The **Wetlands Buffers** files contain information for the wetlands buffers requirements as indicated by NJDEP Landscape Project mapping.

Mapping provided by COAH does identify the City of North Wildwood containing wetland buffers up to 100 feet. The Freshwater Wetlands Protection Act, at N.J.S.A. 13:9B-7, directs the NJDEP to develop a system for the classification of freshwater wetlands based upon criteria that distinguish between wetlands of exceptional resource value (150 foot buffer), intermediate resource value (50 foot buffer) and ordinary resource value (0 foot buffer). Wetlands of exceptional resource value are described as those that discharge into FW-1 or FW-2 trout production waters and their tributaries. A resource value classification is also granted to a wetland that has been recently or historically documented as habitat for endangered or threatened species. Documentation of a habitat occurs provided that the habitat is suitable for breeding, resting, or feeding by the named species. The COAH mapping only identifies a 100 foot buffer requirement.

The mapping from COAH identifies a wetland area in the identified in the northwestern segment of the community is not correct and will be addressed under North Wildwood's next Master Plan examination. The area does contain an identified blue heron rookery/habitat that once was part of the municipality's former landfill. The area is private land and has been preserved with in-place deed controls for preservation. Development outside this habitat is already constructed for some time and is developed.

#### **Stream Buffers Mapping**

The **Stream Buffers** files contain information for the stream buffer(s). The Category 1 status of streams triggers the requirements of NJDEP stormwater management rules & flood hazard control rules, both of which impose a 300-foot buffer from the affected waterways. No development activity is permitted within the 300 foot buffer areas, with very limited exceptions for hardships, linear developments and previous disturbed areas.

Mapping provided by COAH does identify the City of North Wildwood containing stream buffers up to 50 feet. The identified areas represent open salt waters. Development in North Wildwood has taken place in nearby areas over the years and



various NJDEP land use restrictions prevent further land development.

#### **NJDEP Landscape Data for Ranks 3-5 Mapping**

**NJDEP Landscape Data for Ranks 3 through 5** represents areas where special protection is given to rare and endangered species and was provided by the NJDEP. The NJDEP's Endangered and Nongame Species Program's (ENSP) administers the Landscape Project Maps.

The Department notes that the Landscape Project maps represent an approximation of the location and extent of documented endangered or threatened species habitat. Because the maps are rooted in the Department's aerial photograph-based land-use/land-cover data, they do not replace the need for an individual case assessment of the wetlands on any particular property. The Department will also use other sources of information relating to the presence or absence of endangered or threatened species. The Landscape Maps comprise the protocols for the establishment of exceptional resource value wetlands based on documentation of State and Federal endangered and/or threaten species pursuant to the Freshwater Wetlands Protection Act.

Mapping provided by COAH does identify the City of North Wildwood containing Landscape Data ranking.

#### **Surface Water Quality Standards Update Mapping**

**Surface Water Quality Standards Update Mapping** represents areas for possible amendments under 201 Sewerage Facilities Plan and the current Wastewater Management Plan for the County of Cape May.

This mapping is devoid of any features regarding the download from the COAH depository, thus leading to the presumption that the City of North Wildwood is completely serviced by public sewers. No changes to the current approved 201 Sewerage Facilities Plan and the current Wastewater Management Plan of Cape May County are expected.

#### **Sewer Service Area Mapping**

The **Sewer Service Area** file outlines the NJDEP-defined boundaries of sewer service areas in the state. This layer was used to define buildout densities ("Build Type") in all models outside the Highlands Preservation Area.

The current approved 201 Sewerage Facilities Plan and the current Wastewater Management Plan allow for the entirety of the non-environmentally sensitive lands comprising Wildwood Crest to be serviced by public sewers, per correspondence received from the Cape May County Municipal Utilities Authority (CMCMUA). Approximately 99 percent of the City of North Wildwood is currently served by public sewers. The system that services North Wildwood is the Cape May County

Municipal Utilities Authority (CMCMUA) Regional Treatment Plant which was completed in May of 1988 and serves North Wildwood, West Wildwood, City of Wildwood, the Rio Grande section of Middle Township, and a portion of Lower Township. The plant has been designed to treat 14.2 million gallons per day (MGD) with the ability to upgrade its facility to treat an additional 3 MGD. At the present time only 8.5 MGD are treated at the plant, thus leaving approximately 5.7 MGD of excess capacity. The plant has the capacity to serve North Wildwood far into the future.

#### **Revised Sewer Service Area Boundaries Mapping**

The **Sewer Service Area** file outlines the NJDEP-defined boundaries of sewer service areas in the state. This layer was used to define buildout densities ("Build Type") in all models outside the Highlands Preservation Area.

The County has projected that water consumption, based upon local zoning ordinances for the Wildwoods, could reach a maximum of 20 MGD. County plans have provided for only a maximum demand of 12 MGD, which has already taken into consideration maximum peak flow experienced in 1980 of 11.01 MGD, average monthly usage of 8.10 MGD reported in 1984, and average monthly usage of 10.91 MGD reports in 1985. The existing maximum withdrawal permit of 10.91 MGD expired in 1988. Development within the Wildwoods, if allowed to proceed based upon present ordinances, could increase the demand for water to 15 MGD by the end of this decade.

The Wildwood Water Utility serves the City of Wildwood, City of North Wildwood, Borough of Wildwood Crest, Borough of West Wildwood, the Rio Grande section of Middle Township, and the portion of Lower Township on the southern end of the barrier beach island.<sup>21</sup>

#### **Lands most Appropriate for Affordable Housing**

In general, sites that are most appropriate for affordable housing are those that have the necessary infrastructure and are not encumbered by environmental constraints. Within the City of North Wildwood, as a Regional Center as identified under the State Plan and within the NJDEP CAFRA zone, the portions of the City has limited appropriate locations for affordable housing. These are the areas that the State has, for the most part, encouraged growth.

The City shall provide an inclusionary growth share ordinance for the APT/TH-3 district for affordable housing. Due to the fact the City is recognized under the State Plan as a Regional Center, a presumptive density of 6 units/acre with a 25% set aside can be used. In addition, to encourage rental units, the presumptive density of 12/units to the acre with

<sup>21</sup> Wildwood Water Utility study prepared by William H. Fleming, PE, June 1978

a 20% set aside. The zone would also provide consideration of bulk standard relief, reduced setbacks and/or increased building heights.

Please bear in mind, while the inclusionary zoning allows for affordable housing, any market rate units as part of an affordable housing development DOES DERIVE a new growth share obligation. Specifically sites within the APT/TH-3 are most appropriate for affordable housing, since multifamily dwellings are permitted.

Accessory Apartment is currently permitted in the R-2 district. This Plan proposes to allow accessory apartments in accordance with NJAC 5:97-6.8 to be affordable to low and moderate income persons. Accessory apartments are created within an existing home OR through the conversion of an existing accessory structure on the same site OR by an addition to an existing home or accessory building or may be designed to produce only low-income units, only moderate-income units or both low- and moderate-income units.

However, only a maximum of 10 units or 10% of fair share obligation, whichever is greater, can be used in the Fair Share Plan until viability of program is documented by COAH thru the monitoring provision found at NJAC 5:96-2.5. For compliance with Accessory Apartments that target only low-income households as modified by PL 2008, c. 46, a minimum subsidy of \$20,000 per moderate-income unit or \$25,000 per low-income unit has to be provided.

### **Municipal Zoning – Growth Share Ordinance**

Under COAH's Third Round rules, municipalities may chose to adopt a land use ordinance that would require certain types of development to provide for construction of affordable housing as a part of that development. This element proposes the adoption of a growth share ordinance which would apply to the proposed development within the APT/TH-3 district (refer to Existing Zoning Map). In order to ensure the growth share obligation generated by this H/E & FSP is properly met, the recommendations set forth in this Plan will dictate the adoption of a COAH language Growth Share Ordinance within the Land Development Ordinance of the City of North Wildwood.

The proposed growth share ordinance, which is included in Appendix A of this document, would require the redeveloper to select one (1) of three (3) options to meet the growth share obligation generated by the proposed development. The growth share obligation generated by the development will be calculated using the following standards:

1. Residential Development: One (1) affordable unit for every five (5) market-rate units.
2. Nonresidential Development: One (1) unit for every sixteen (16) new jobs created as a result of any proposed non-residential development projects.

The calculation of the number of jobs created shall be in accordance with Appendix D of N.J.A.C. 5:97-1 et seq. entitled "UCC Use Groups for Projecting and Implementing Non-residential Components of Growth Share".

### **6.2.1 Rehabilitation Share**

The rehabilitation obligation is established by COAH regulations as the number of existing housing units as of April 1, 2000 (2000 Census) that are both deficient (having one or more code deficiencies) and occupied by households of low or moderate income. The rehabilitation obligations were determined for each municipality as part of the Third Round regulations.

COAH begins by numerating the amount of overcrowded units built prior to 1939; North Wildwood has no such units. Added to this figure are all units in the City lacking complete plumbing and units lacking kitchen facilities – this percentage is the share of units lacking a kitchen which are neither overcrowded nor lacking complete plumbing. A "low-moderate deterioration share," provided by COAH for each county, is then multiplied to the deteriorated housing number in order to arrive at a Rehabilitation Share. After concessions are made for various credits, the final or Adjusted Rehabilitation Share is derived.

The City of North Wildwood has an obligation to rehabilitate sixteen (16) units over a 10-year period. As documented below, the City has successfully rehabilitated 23 units since April 2, 2000. The rehabilitations were completed through the Small Cities Community Development Block Grant Program – Housing Rehabilitation Fund, which was designed to improve and increase the supply of safe, decent, and affordable housing in New Jersey. Triad Associates, a private consulting firm which guides municipalities through various community and economic development projects, assisted the City with the rehabilitations. The fund provides assistance to improve the condition of housing occupied by people of low or moderate income, as defined by the US Department of Housing & Urban Development (USHUD), residing in USHUD designated non-entitlement areas of the state. The fund is divided into three categories: county applicants, multi-jurisdiction municipal applicants, and single-jurisdiction municipal applicants. Once awarded the grant, the county or municipality may use the grant funds for program costs, including housing improvement construction, and program delivery administration. The City's housing rehab programs through the end of 2004 were granted as 10-year forgiveness loans. Homeowners included in those programs will have their mortgages discharged provide they live in the house more than 10 years. After 2004, they are deferred until title changes or death of the original applicant.

The Small Cities Program objective is to assist eligible municipalities and counties to meet development needs & pressures. Preference is given to community revitalization

projects, including housing rehabilitation and improvements to neighborhood commercial areas. The program also gives priority to projects which propose eligible activities that will result in job creation or retention. Activities eligible for assistance under the program include real property acquisition, installation of public facilities such as senior centers & centers for the handicapped, new streets, street lights, water and sewer facilities, code enforcement, rehabilitation of buildings, removal of architectural barriers which restrict accessibility of the elderly & handicapped, planning activities, and administrative costs. Basically, any project that will assist low & moderate income households is eligible. Criteria used to evaluate Small Cities applications are as follows: community need is weighted 15%; and community revitalization is weighted 85%. Community need evaluates factors such as high unemployment, low per capita income, high incidence of old buildings, and low per capita property valuation. Community revitalization examines the impact of funding on low & moderate income persons as a percent of all persons as well as the severity of conditions in the target area. The program establishes a minimum threshold that 51% of those benefiting from the funds must be of low & moderate income. In evaluating applications however, projects with as close to 100% aid to low & moderate income are the ones that get funded.

Pursuant to COAH's Third Round rules, a municipality may receive credit for the rehabilitation of low- and moderate-income deficient housing units completed after April 1, 2000 provided the units were rehabilitated up to the applicable code standard and the units have the appropriate controls on affordability to ensure the units remain affordable during the required period of time. For the award of credit, an average capital expenditure cost of \$8,000.00 is required for rehabilitation activity undertaken on or after April 1, 2000 and before December 20, 2004. Subsequent to this time, capital expenditure cost must average \$10,000.00. Documentation provided by Triad Associates Division reveals the average required creditworthy cost of \$13,465 for period 2000 to 2004. On or after December 20, 2004, program expenditures reveal the average required creditworthy cost of \$16,758.

North Wildwood is requesting 23 units credits for the following rehabilitations. The City of North Wildwood have an obligation to rehabilitate sixteen (16) units over the COAH period. As documented below, the City has successfully rehabilitated 23 units since April 2, 2000, *for a surplus of seven (7) units*:

**NORTH WILDWOOD  
HOUSING REHAB PROJECTS  
2000 – 2008**

Address	Final Inspection	Amount Expended	Raised to Code
209 E. 16 <sup>th</sup> Avenue	7/21/2000	\$10,170	Yes
118 W. 20 <sup>th</sup> Avenue	7/28/2000	\$11,670	Yes

1307 Atlantic Avenue	1/18/2002	\$16,325	Yes
104 W. 17 <sup>th</sup> Avenue	8/21/2002	\$15,249	Yes
103 W. 16 <sup>th</sup> Avenue	8/21/2002	\$12,550	Yes
215 E. 6 <sup>th</sup> Avenue	8/21/2002	\$15,635	Yes
315 W. 17 <sup>th</sup> Avenue	6/2/2004	\$15,400	Yes
211 W. 19 <sup>th</sup> Avenue	4/20/2004	\$12,500	Yes
105 E. 19 <sup>th</sup> Avenue	7/29/2004	\$13,600	Yes
314 W. Walnut Avenue	1/18/2005	\$14,500	Yes
213 E. 2 <sup>nd</sup> Avenue	8/2/2005	\$15,650	Yes
235 E. 11 <sup>th</sup> Avenue	1/3/2005	\$20,560	Yes
111 W. 26 <sup>th</sup> Avenue	12/9/2004	\$10,899	Yes
326 W. 18 <sup>th</sup> Avenue	12/9/2005	\$17,728	Yes
221 W. 25 <sup>th</sup> Avenue	9/12/2005	\$16,435	Yes
112 W. 11 <sup>th</sup> Avenue	3/14/2008	\$19,425	Yes
105 W. 15 <sup>th</sup> Avenue	5/26/2008	\$21,205	Yes
216 W. 20 <sup>th</sup> Avenue	10/29/2004	\$15,575	Yes
327 E. 5 <sup>th</sup> Avenue	12/23/2002	\$10,035	Yes
210 E. 10 <sup>th</sup> Avenue	12/23/2002	\$15,380	Yes
126 W. 25 <sup>th</sup> Avenue	12/01/2000	\$14,000	Yes
416 E. 9 <sup>th</sup> Avenue	11/20/2000	\$13,640	Yes
228 E. 3 <sup>rd</sup> Avenue	9/17/2007	\$24,375	Yes

Triad Associates is a private firm that has been contracted by the City of North Wildwood to be directly responsible for the administration of the housing rehabilitation program under the Small Cities Program.<sup>22</sup>

Although the City of North Wildwood will have met its rehabilitation obligation through the rehabilitation projects performed by Triad Associates, this element anticipates \$245,700.00 of the City's affordable housing trust fund be used for additional rehabilitation activities for at least 12 units of low & moderate family units by the North Wildwood.

## 6.2.2 Affordable Housing Programs

### *Development Fee Ordinance*

The City of North Wildwood proposes adoption of a Development Fee Ordinance which will generate funds from most residential and non-residential projects to be used to fund activities supportive of the provision of affordable housing. The City of North Wildwood will enact a development fee ordinance as described under N.J.A.C. 5:97-8 and pursuant to P.L. 2008, c.46 section 8 (C. 52:27D-329.2) and the Statewide Non-

<sup>22</sup> Per Joyce Miller, Triad Associates email of November 21, 2008.

Residential Development Fee Act (C. 40:55D-8.1 through 8.7). This ordinance will permit the City to collect a fee of one and one-half percent (1.5%) of the equalized assessed value of new residential development, other than certain types of development deemed to be exempt, and two and one-half percent (2.5%) of this value for nonresidential development, other than certain types of development deemed to be exempt. Where an increase in density is permitted by virtue of the grant of a use variance (N.J.S.A.40:55D-70d(5)), the fee may be increased to 6% of the equalized assessed value of each additional unit. The same fee is to be charged for projects involving the additions to existing structures used for non-residential development.

To date, the City of North Wildwood does not have an affordable housing trust fund. As described in this Plan, the City is going to enact a development fee ordinance and a growth share ordinance. Upon approval by COAH of the above-mentioned ordinances, the City will begin to collect fees. Pursuant to COAH regulations and PL 2008, c. 46, in order for the City to spend any fees collected, this spending plan must be approved by COAH.

The proposed Development Fee Ordinance can be found in Appendix B of this plan.

As of July 17, 2008, North Wildwood has collected \$ 0.00, expended \$ 0.00, resulting in a balance of \$0.00. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees shall be deposited in a separate interest-bearing affordable housing trust fund in a Bank escrowed to the City and COAH for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:97-8.7-8.9 as described in the sections that follow. All development fees and payments in lieu collected and interest generated by the fees will be deposited in a separate interest-bearing account in a local bank for the purposes of affordable housing. The payments in lieu will be identifiable from the development fee funds. Additionally, the City must provide written authorization, in the form of a three-party escrow agreements between the City, the designated local bank and COAH, which permits COAH to direct the disbursement of the funds in the event that the City does not comply with the conditions of the ordinances or spending plan and applicable COAH regulations.

### **Revenue Projection**

To calculate a projection of revenue anticipated between December 20, 2008 and the expiration of substantive certification on or about December 31, 2018, the City of North Wildwood considered the following:

- (a) Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals are

anticipated to provide \$ 0.00 in development fees at issuance of building permits and/or certificates of occupancy during the period of substantive certification.

- (b) All residential projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy are anticipated to provide \$0.00 in development fees during the period of substantive certification. Non-residential projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy are projected to provide \$ 10,000.00 in development fees at issuance of building permits and/or certificates of occupancy during the period of substantive certification.
- (c) Development projected to begin construction based on historic rates of development during the period of substantive certification.
- (d) Payment in lieu (PIL):  
There are no actual and committed payments in lieu (PIL) of construction from developers.
- (e) Other funding sources:  
Funds from other sources, including, but not limited to, the sale of units with extinguished controls, repayment of affordable housing program loans, rental income, proceeds from the sale of affordable units. No other funds have been or are anticipated to be collected. Projected interest:
- (f) Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate.

As to revenue projection, the amount to be realized through the posting of development fees can be roughly estimated by linking the application of the fee to COAH's Third Round Household & Employment projections for the municipality as provided in NJAC 5:97-1, Appendix F of the COAH rules. COAH projected residential growth (113 units) and projected job creation (-272 jobs).

The projection of development fees realized from residential development requires the application of the City's equalization rate and establishment of an average value for housing. The City's equalization rate for 2008 will be 112.45%. Average equalized assessed value for housing is derived from the division of average value of housing in the City by the equalization rate:  $\$425,038 / 1.1245 = \$377,980.00$ .

Multiplying the average equalized value (\$377,980.00) by the number of residential market rate units projected during Round Three (113) by 1.5% yields a collection of \$640,676.00



Fees very generally anticipated from projected job creation require the conversion of jobs to square footage necessary to support these jobs as well as the establishment of an average cost per square foot of non-residential development. Projected job growth as set forth in the Third Round Rules is set at -272 jobs. This maybe unrealistic. COAH has established formulas to calculate the number of jobs created for each square foot of nonresidential construction for each use group (reference Section 5.1 of this document).<sup>23</sup> From a conservative standpoint, the minimum amount of jobs anticipated per 1,000 square feet is 1.2 jobs for the "F" use group. Dividing projected non-residential square footage from Table 9 (279,180) by 1.2 results in 232,650 S.F. of non-residential development necessary to support the number of projected jobs/sq.ft. Based on an assumed cost per square foot of non-residential construction of \$64.00 and then multiplying by 232,650 S.F. of possible new construction yields a total value of \$14,889,600.00. Applying the equalization rate for 2009 of 112.45% yields an equalized assessed value of \$13,241,085.00; application of the 2.5% development fee then results in a potential collection of \$331,027.00.

In sum, the fees projected to be retained by the City's potential developer fee collection amounts indicated above result in a total of \$971,703.00. In addition, non-residential projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy are projected to provide \$10,000.00 in development fees, for a grand total of \$981,703.00.

Interest to be accrued annually at projected rate of 3.25% projects this total to \$1,013,608.00

The City recognizes that in order to spend monies collected for the purposes of satisfying affordable housing obligations, the City must have a spending plan approved by COAH. The City's spending plan can be found in Appendix C of this plan.

### **6.2.3 Growth Share Ordinance**

As discussed above in Section 6.2, the City of North Wildwood will pass a growth share ordinance as described under N.J.A.C. This ordinance, which would apply to the APT/TH-3 zone and can be found in Appendix A of this plan.

### **6.2.4 Affordability Assistance Program**

Projected minimum affordability assistance requirement of 30% of collected development fees are to be used for affordability assistance. This plan proposes the establishment of a revolving fund for the extension of loans to income eligible families

<sup>23</sup> Appendix 'D' of COAH's Third Round Rules.

on an emergent basis to stave off the threat of foreclosure given the heightened susceptibility of foreclosure resulting from sub-prime mortgage products. This emergent loan program would be administered on a contractual basis on behalf of the City by a qualified entity.

Affordability assistance programs may include down payment assistance, security deposit assistance, low interest loans, rental assistance, assistance with homeowners association or condominium fees and special assessments, and assistance with emergency repairs. Affordability assistance for very low income households may include offering a subsidy to developers of inclusionary or 100% affordable developments or buying down the cost of low- or moderate-income units in a municipal Fair Share Plan to make them affordable to very low income households.

North Wildwood will dedicate \$304,083.00 from the affordable housing trust fund to render units more affordable, including \$101,360.00 to render units more affordable to households earning 30 percent or less of median income by region.

The Affordability Assistance Program can be found in Appendix D of this plan.

#### **6.2.5 Affirmative Marketing Plan**

City of North Wildwood shall adopt by resolution an Affirmative Marketing Plan, subject to approval of COAH, compliant with N.J.A.C. 5:80-26.15, as may be amended and supplemented.

The affirmative marketing plan is a regional marketing strategy designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children to housing units which are being marketed by a developer, sponsor or owner of affordable housing. The affirmative marketing plan is also intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. It is a continuing program that directs all marketing activities toward COAH Housing Region 6 and covers the period of deed restriction.

The affirmative marketing plan shall provide a regional preference for all households that live and/or work in COAH Housing Region 6 comprised of Atlantic, Cape May, Cumberland & Salem. The Administrative Agent designated by the City of North Wildwood shall assure the affirmative marketing of all affordable units consistent with the Affirmative Marketing Plan for the municipality. The costs of advertising and affirmative marketing of the affordable units shall be the responsibility of the developer, sponsor or owner, unless otherwise determined or agreed to by City of North Wildwood.

The proposed affirmative marketing plan can be found in Appendix E of this plan.